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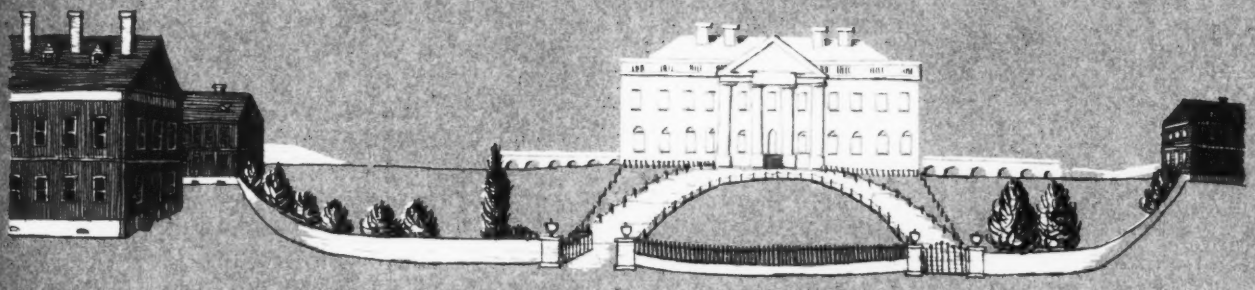

What Now With Equinox?

Heightened Hopes for Heart Cases

What's What With This UJF

Testing Site for Public Protection

How to Root Out Firetraps

Most Modern of American Industries

JOURNAL
OF AMERICAN INSURANCE

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THANK YOU!

YOUR MANY MESSAGES of congratulations and comment on the first issues of the new Journal are acknowledged with genuine appreciation on behalf of the Alliance officers and all member companies.

Your compliments about the magazine are encouraging; your suggestions will be helpful in making the Journal what it is intended to be—an interesting, useful publication for you.

Your continued comments and suggestions are invited—in fact, solicited.

Especially will we welcome your suggestions about topics and problems you wish to see discussed in the Journal.

We hope your readership of the Journal will always be merited by us and increasingly rewarding for you. — NEWELL R. JOHNSON

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EQUINOX, GO EASY!

But come what may on March 21, insurance forces have softened many a fearsome storm before.

WHO SAYS the might of the equinox is just a myth?

Scientific weathermen, maybe.

But southwestern cities crippled by savage blizzards, Florida growers losing their orange crops in freak freezes three years in a row, farmers seeing buildings and early crops destroyed by hail or tornadoes, insurance companies paying millions, even billions of dollars in storm damage losses . . . they can't be blamed for a bit of suspicion, and trepidation, when the annual spring meeting of the sun and the equator rolls around each March.

This year's vernal equinox will occur at 2:55 a.m., March 21. That event, like its autumnal counterpart and the summer and winter solstices, is the traditional time for the changing of the season. But it really isn't responsible for weather upheavals, modern science says.

All it does is make the length of the day and the night equal all over the world. That's what equinox means; it's from the Latin *aequus* (equal) and *nox* (night).

Yet with the arrival of March there is plenty of reason to shudder. Fearsome storms of all kinds can and do occur the year around, but lion-like March heralds the beginning of them all.

Recent experience makes many Americans think first of blizzards when they think of March. In 1957, for example, the worst storm of the whole winter occurred in that month, leaving 40 persons dead and millions of dollars in crop and property damage in 13 midwest and southwestern states. The March snowstorms of the two previous years were even more severe. In 1956 more than 160 persons died in the east coast blizzard of March 16 to 19; in 1955 the toll was 88, when floods, tornadoes and a record cold wave combined with snowstorms to make the nation miserable.

Insurance men look back one more year for an example of the worst in another of their weather worries—wind, traditionally associated with March although June actually is the biggest wind-damage month. Worst year in history for windstorm losses was 1954, with more than

Wide World

March yields to May as the worst month for tornadoes. During the past 40 years an average of nearly 200 of these funnelized killers and wreckers have struck every year; 1957 set a record.

half a billion dollars paid in insurance claims, exclusive of tornado damage. Another bad year was 1957, with wind losses exceeding $50 million in Louisiana alone, and Mississippi, Texas and Minnesota suffering $5 to $50 million damage. Indiana suffered the most disastrous windstorms in its history in 1948, on three successive spring Fridays; one farm mutual insurance company alone sustained 25,000 losses in those three weeks, its payments exceeding $2 million.

While the plains states and the southwest have the highest average annual wind velocities, insurance statistics show that no part of the country is safe from property destruction by wind. Even the west coast, where the wind usually is moderated by the Japanese current, has been lashed by vicious 60 to 70 mile an hour winds. A windstorm in the San Francisco area in December, 1957, for instance, brought in more than 25,000 wind damage insurance claims. Buildings were leveled, roofs blown off, windows shattered, signs blown down, cars crushed by uprooted trees and flying debris—for a total of nearly $5 million damage.

These were just winds, in weather bureau classification. They weren't tornadoes, which swoop down at up to 500 miles per hour on areas one-tenth of a mile to 100 miles long. Nor were they hurricanes, which may devastate hundreds of miles of coastline with sustained winds of up to 150 miles an hour and peaks of possibly 250 mph. Often combined with torrential rains, hurricanes strike parts of the Atlantic or Gulf coasts of the United States about twice a season; several other tropical storms of slightly less than hurricane intensity also smash those areas each year.

Tornadoes and hurricanes have occurred in almost every month of the year, although May generally is the worst for tornadoes, and September—autumnal equinox time—for hurricanes. Hurricanes have been reported as early as February. (The earliest on record, in fact, was encountered by Columbus's ship near the Azores, on February 12, 1493, as he returned to Spain from his first trip to the West Indies.)

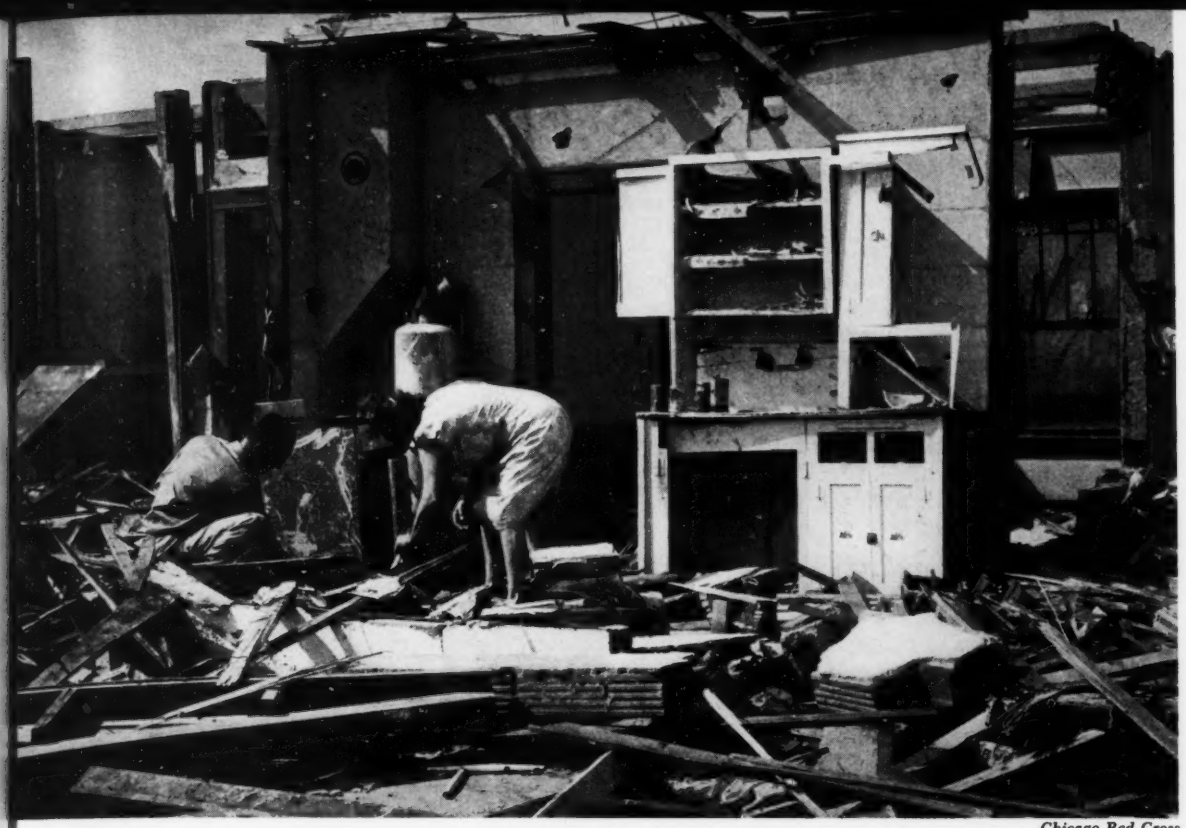
Neither hurricanes nor tornadoes usually reach the destructive pitch of the Far and Middle East's horrendous typhoons and tidal waves, such as the surging 40-foot storm wave that engulfed 300,000 persons around the Bay of Bengal in 1737 in the deadliest storm in history, or the terrible typhoon and earthquake, followed by fire, which killed more than 100,000 in Tokyo in 1923.

All too often, however, they do leave hundreds dead and injured, and property damage in the countless millions.

Tornadoes are often more destructive than hurricanes in their own comparatively small areas because they strike with less warning, both as to time and place; 21 occurred in Illinois in December, 1957, for example—a rare time for any at all to strike there.

Within the past 40 years, U. S. Weather Bureau records show, an average of nearly 200 tornadoes occurred each year, causing an average of 218 deaths and $14 million property damage annually. The damage toll has run much higher than that figure in recent years, though, and has been more noticeable, as property values have inflated and as purchases of windstorm insurance have increased.

Nearly 200 tornadoes in the past 40 years have been "million dollar storms," or worse. A single day in March, 1925, saw eight tornadoes



Chicago Red Cross

Many a home owner can testify to the death and destruction left by hurricanes in recent years. September, not March, is the worst month; Carol was the most destructive in insurance annals.

cut across Illinois, Indiana, Missouri, Kentucky and Tennessee, and do damage of over $16.5 million. And in 1957, when a record 924 tornadoes were counted, including disastrous ones in Ruskin Heights, Missouri, and Fargo, North Dakota, losses topped $75 million.

Missouri holds the title for having suffered the most tornadoes in the past 35 years. Iowa ranks second, having racked up nearly 500. Severe wind and tornado damage in Iowa's pioneer days prompted a group of citizens to found the first farmers' mutual company specializing in insuring against those hazards. The Iowa Mutual Tornado Insurance Association was incorporated in Des Moines in 1884; today it has more than $1 billion of windstorm insurance in force, one-eighth of the farmers' mutual wind coverage in the nation.

Frequently, the same areas which have to worry most about tornadoes also have hail to contend with. The hail "season" starts in March, may clip farmers, auto, home and business owners hard all through the summer and fall. Hail damage averages about $150 million a year, losses, again, rising continually as property values go up. Farmers carry some $600 million worth of crop hail insurance through their mutual companies alone; one-fifth of all crop hail insurance in the nation, interestingly enough, is covering crops in the state of Illinois —more than $230 million worth.

Both hail and tornadoes strike with such unpredictability much of the time that insuring against damage is hazardous and therefore expensive business for insurance companies.

Hurricanes, on the other hand, usually can be tracked as they build up force in the Atlantic or Caribbean, and warnings can be given to the coast in time for battening-down and shelter efforts to minimize property damage and loss of life. Nevertheless, devastation to the coastal areas, more from water than from wind, has been so severe in recent years that insurance companies are finding their claims payments far surpassing their premiums. Thus it becomes impossible for them to continue accepting risks in those areas without higher premiums, and when state regulations in some cases prohibit any increases, coastal residents and business

owners find it difficult to obtain insurance on their property. Even at higher rates, much water damage is not covered by insurance.

North Carolina insurance men, for example, cite claims of more than $47 million paid during the past eight years on hurricane losses, while premiums brought in only $41 million. Inland, the loss ratio was a high 94 per cent; on the seacoast itself, it was an overwhelming 310 per cent—more than $13 million paid for losses with premiums of only $4 million.

Hurricane Carol, which ripped the New England coastline August 31, 1954, was probably the most expensive hurricane in insurance annals. Claims amounting to nearly $130 million were paid.

Less than two weeks later Hurricane Edna skittered around New York and smacked Maine and Canada, causing millions of dollars in damage. And just a month after that, Hurricane Hazel began its terrifying trip from the Caribbean up the Atlantic coast. Hazel left some 300 persons dead, and insurance claims of another $122 million to be paid.

That hectic hurricane season, when staffs of hundreds of insurance adjusters and other personnel had to be assembled and rushed into disaster sites to handle the many thousands of claims, led companies and insurance groups to draw up detailed catastrophe plans. These programs, such as the New England Agency Mutual catastrophe plan, greatly increase the speed and efficiency with which claims can be handled, even when they may, overnight, exceed the normal volume of an entire year. As an example, immediately following Hurricane Carol mutual companies with the assistance of the Mutual Loss Research Bureau assembled more than 150 adjusters in New England to operate under the direction of the New England plan.

Even before man-made satellites began orbiting in space, opening vast new possibilities in weather forecasting and control, scientists had foreseen the time, not far away, when many of these storm-caused life and property losses might be eliminated. Experiments with cloud "seeding" and similar control attempts have not been too successful, but many believe that before long man may be able to suppress hail, for example, or deflect hurricanes from the coast back out to the open sea—or even order springlike weather all year 'round.

But until the secrets of weather can be more fully unlocked, and methods found to deal with it, man must continue to take it as it comes. It's enough to make a person believe in keeping his property damage insurance premiums paid up, and almost enough to make him believe in a supernatural power—like, say, one that's somehow tied up, in a not-so-mythical way, with the mighty, mysterious March equinox. ⊙

HISTORY'S HURRICANE "HELPFUL"

WHILE MOST HURRICANES are renowned—historically and insurance-wise—for the death and destruction they leave in their wake, there is at least one remembered primarily for its final benefits.

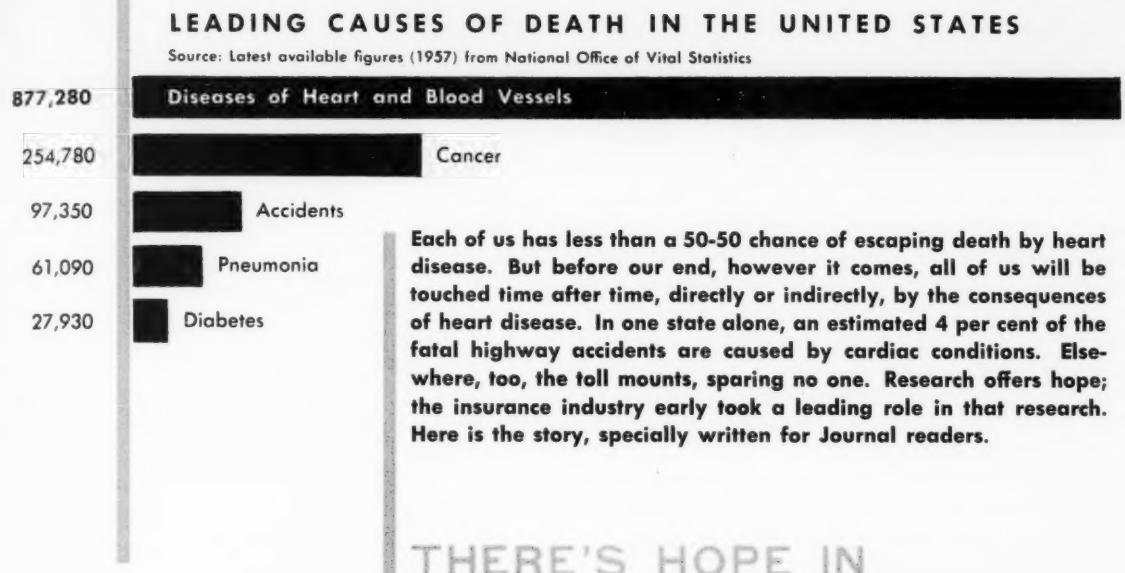
It is credited, in fact, with possibly preventing a war between the U. S. and Germany in 1889 and, indirectly, with being responsible for the development of our modern navy.

This vicious tropical storm smashed down on the lush island of Samoa on March 16, 1889, just as hostilities between the United States and Germany were about to break out into gunfire.

German warships had shelled a Samoan village in retaliation for the natives' killing of 22 German soldiers in riots following the ouster of a Samoan chief by a German force; shells had destroyed some property belonging to American citizens, too, and when one man ran up the Stars and Stripes to protect his home, the flag was torn down and burned. The U. S. State Department protested the incident, and sent an 1889-sized "fleet"—three warships—steaming into Apia harbor to defend the rights of American citizens in Samoa.

Then came the fateful hurricane. The three American and the three German warships in the harbor went down, along with six merchant vessels. Some 150 sailors lost their lives. Others, both German and American, were rescued by the natives and, according to weather expert Ivan Ray Tannehill, in his book, "Hurricanes" (Princeton University Press, 1956), "while the hurricane raged the belligerents became friends."

As a result the differences between the two nations were hurriedly settled in the Congress and treaty of Berlin in 1889 and the United States began building its modern navy to replace the one lost in the storm.



Each of us has less than a 50-50 chance of escaping death by heart disease. But before our end, however it comes, all of us will be touched time after time, directly or indirectly, by the consequences of heart disease. In one state alone, an estimated 4 per cent of the fatal highway accidents are caused by cardiac conditions. Elsewhere, too, the toll mounts, sparing no one. Research offers hope; the insurance industry early took a leading role in that research. Here is the story, specially written for Journal readers.

THERE'S HOPE IN
HEART RESEARCH

by BERTON BRALEY

FROM HOPELESS APATHY to hopeful confidence . . . from the spending of less than $300,000 a year on heart research in 1945, to more than $30 million devoted to that purpose in 1958 . . . that is the basic story of the crusade against coronary disease in the thirteen years since the Life Insurance Medical Research Fund was established.

It is a winning crusade in which vastly increased forces of medical and scientific researchers are moving against the greatest of mass killers. True, there are no complete or final victories to record.

But this does not lessen the hope, nor the confidence that such victories will eventually be achieved. For there has been, in these thirteen years, a tremendous increase in the fundamental knowledge of body chemistry that is essential in finding a cure.

Concurrently some notable "firsts" have accrued to the insurance industry. Specifically, the Life Insurance Medical Research Fund has been a factor much more important than its financial contribution to heart research would indicate.

For its original appropriation of half a million dollars to basic heart research in 1945 was the *first* organized large-scale contribution to study of the problem. It was the first sizable endeavor to build a body of scientific knowledge where there was almost none—about a major disease which had come to be accepted as an inescapable affliction of middle and old age, possible to alleviate but hopeless to cure.

And it is a reasonable assumption that establishment of the Fund sparked the movement which led, in 1948, to expansion of the American Heart Association from a small professional society to an organization supporting heart research on a large scale.

The establishment, by Congress in the same year, of the National Heart Institute as an important part of the U. S. Public Health Service, may well be attributed largely to the influence of the Medical Research Fund on scientific and popular concern with the need for vastly increased research into this major problem.

The pattern of the Fund's activities—basic research as distinguished from applied research —was set by Dr. Francis R. Dieuade, the original and present scientific director, and one of the

world's most noted authorities on heart research. Through basic research the goal was to find out the fundamentals without regard to immediate results, whereas applied research seeks definite and practical results, such as specific drugs and special machines or manufacturing processes.

It was, and is, Dr. Dieuade's conviction that finding out the fundamentals of body chemistry and body mechanism was an absolute essential in heart research. That meant study of every organ and function of the body, healthy or diseased. And most of the Fund's researchers are devoted to that work.

It is a pattern which, undoubtedly as a sequence to the Fund's theory and experience, is generally followed by the researchers of the Heart Association and the Heart Institute.

It is logical that this type of basic, long-term research has its sponsorship in the 150 life insurance companies who back the Fund. The life insurance business operates on lifetime estimates, has the patience to wait a lifetime for results.

Indeed, it was an insurance executive, M. Albert Linton, president of Provident Mutual Life Insurance Company of Philadelphia, who first suggested the idea of the Fund in 1940. As chairman of a special committee of the Association of Life Insurance Presidents, he worked actively for five years in "selling" the proposed Fund to life insurance medical directors and to insurance executives throughout the country.

When this campaign brought the establishment of the Medical Research Fund in 1945, Mr. Linton, as its first chairman, was chiefly responsible for the appointment of Dr. Dieuade as scientific director, and for backing Dr. Dieuade's pattern of basic research.

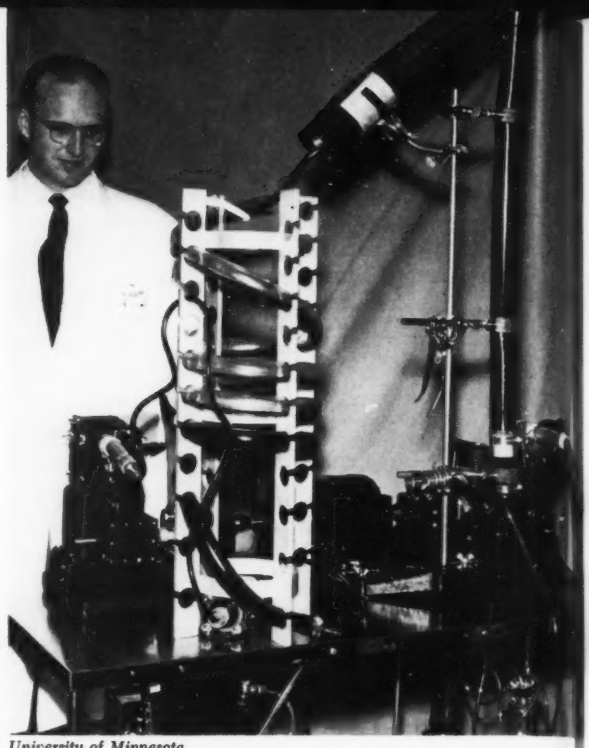
Among the subjects studied, and about which research has revealed many new facts, are:

The function of fats in supplying energy to the heart muscle and in affecting its contractability.

On the reverse side, the damage to the heart and circulatory system of an excess of fats in the body.

The relation of the kidneys, liver, lungs and other organs to the coronary system in the healthy body.

The effects of mental and physical stress on the heart and arteries.



University of Minnesota

Development of the heart pump is one of the monumental credits attributed to the Research Fund. It permits direct heart surgery, with successful results in cases formerly considered incurable.

Again on the reverse side, the untoward aftereffects of "strep" infection, rheumatic fever, nephritis, diabetes, and other functional diseases.

Other basic studies have probed into the operation of hormones and enzymes in helping, or harming, the heart functions.

These are fundamental phases of the Fund's work, part of the "finding out" process, and not "practical" in the immediate sense.

But what practical accomplishments can the Life Insurance Medical Research Fund show for the $10 million it has spent in the past 13 years? Here is the partial summary:

Through its grants it has financed, or aided in financing, the work of more than 300 highly-qualified scientists in the field of heart research. To provide for an added future force of researchers it has given fellowships to more than 300 promising medical scientific students to qualify them for joining in the planned continuance of this long-term project. Many of the recipients of the earlier fellowships are now actively participating in the Fund's basic operations.

In 1958 the Fund made 81 grants, totalling more than a million dollars, and awarded 24 scholarships.

These grants gave the recipients complete

freedom to pursue studies as they think best, without specific directions or interference by the Fund.

As Dr. Dieuade says, "The key to successful research is an investigator's own view of what to do—'break-throughs' come from such new ideas. Hence, we do not direct a researcher or hedge him in."

Since, up to the creation of the Fund, there was practically no notable assemblage of scientists engaged in organized heart research, the Fund's filling of this vacuum was a major contribution.

And this "task force" has also contributed a number of new techniques that are practical in the treatment of hypertension, arteriosclerosis, angina and faulty heart action.

Briefly and untechnically stated, here are a few of the immediately practical applications of things "found out" in the Fund's basic studies:

That while fats are essential to heart function, an excess of them is a major symptom of hardening of the arteries. Reduction of fats in the diet is "indicated" as effective treatment.

That, as a corollary, obesity intensifies both hypertension and arteriosclerosis. Weight reduction is one of the antidotes.

That an excess of sodium in the system is one of the factors in hypertension. A saltless diet is important in lowering high blood pressure.

That increasing the intake of potassium (a few teaspoons of vinegar in water per day will do it) also helps to reduce blood pressure.

In addition to these dietary techniques in treatment, the Fund's researchers have come up with a number of new and potent drugs that are used successfully in heart medication.

Most spectacular of the practical contributions of the Research Fund's scientists is the designing and collaborating in the design of mechanisms for more efficient investigation of fundamentals and—in two notable instances—the development of apparatus for use in kidney and heart surgery.

These two are an artificial kidney, which takes over the job of the natural kidney when it is being operated on, and a heart pump which makes it possible to keep the blood in circulation while by-passing the heart.

This amazing mechanism has made direct heart surgery practical, and resulted in successful operations in formerly incurable cases.

There are a hundred other facets in the work of the Life Insurance Medical Research Fund which could be cited, but the foregoing achievements are a creditable $10 million worth.

It is true that the Fund's $10 million spent and the $1 million a year it is now spending don't bulk big in comparison, for instance, with the $6 million a year expended by the Heart Association, and the $25 million annual appropriation of the Federal Heart Institute. But as suggested earlier, the Fund's contribution to heart research is very big for its size, since its inception was the beginning of the crusade and its methods and techniques have pretty much set the pattern for the bigger organizations that followed its establishment.

However, neither the organizers nor the directors of the Medical Research Fund would claim it is the major or dominating force in heart research today. Beyond the fact that the Fund was the first in line, they assert only that it is doing its share in the campaign, and cooperating enthusiastically with the work of the other organizations.

In one way, however, Dr. Dieuade believes the Research Fund gets the most in results. By keeping grants to individual researchers to an average of $10,000 a year, the scientific director finds that a researcher is amply paid for his individual labors, but not enough to surround himself with secretaries and assistants to whom he may delegate operations. "Our grants," Dr. Dieuade explains, "enable a scientist to do it himself, but not to afford a bureau. This individualized work is the most effective."

The Fund's researchers have, indeed, "found out" much that was previously unknown about the heart and the human organism in general. They have added much to what little was known about fundamental bio-chemistry in its relation to the heart. But this "much" is still relatively little in the vast task of heart research which deepens and broadens as the studies reveal new leads and avenues into needed basic knowledge.

Exploration of those "leads" and the accumulation of knowledge of everything that has to do with the human heart—and *everything* has to do with the human heart—is a job that the Fund has, as yet, just begun. It is the purpose of the Fund, and all other organizations in this field, to continue with basic and applied research until knowledge and technique are adequate to gain a final and complete victory against the "mass menace" of coronary disease.

Hopeful confidence already has won out over hopeless apathy. ⊙

New Jersey's UJF In Brief

THE NEW JERSEY Unsatisfied Claim and Judgment Fund Law was—and is—a new approach to the problem of the uninsured motorist.

It was enacted in 1952, applicable to accidents on and after April 1, 1955.

A state fund, for payment of claims and judgments, was set up for benefit of qualified persons who are innocent victims of auto accidents within the state, caused by motorists who are uninsured, cannot pay judgments, or are otherwise financially irresponsible.

However, the uninsured driver must consent to the settlement and agree to repay the fund before payment is made to the claimant.

The state fund is maintained by assessments against motorists and insurance companies. Motorists' fee is now $8 annually, at vehicle registration time, for all uninsured motorists. The assessment on insurance companies is ½ of 1 per cent of their net direct written automobile liability premiums for the calendar year.

The fund has two other sources of revenue: Repayments, which have been practically nil, and investment income.

Administration is in hands of a six-man board of two state officials and four insurance company representatives. Board members receive no compensation.

Operating expenses of the board are paid by auto liability carriers in the state.

The insurance industry is responsible for, and bears the cost of, the investigation and defense of claims.

Limits of payments are 10/20/5. However, the first $100 of a property damage claim or judgment is deducted.

Within 90 days after the accident, the claimant files a Notice of Intention. If the Board feels that case warrants investigation, it is assigned to an insurance company.

Claims of less than $5000 may be settled without court approval. When the claims exceed that amount, the fund may settle with court approval or make payment after judgment has been entered and shown to be unsatisfied.

The fund takes an assignment from the claimant, or judgment creditor, as the case may be, to the extent of the payment. The party at fault in the accident (the uninsured driver) must then arrange to repay the monies which were advanced, with interest. If he fails to do so, his driving privileges are revoked. ⊙

NEW JERSEY'S U

FOUR YEARS OLD and $8 million big, New Jersey's controversial 1955 law for protection against uninsured automobile drivers is getting the let's-take-a-look treatment.

"This thing is lunacy, as far as I am concerned," said one New Jersey attorney. That's not the worst reaction, but it's typical.

The best birthday compliment paid the scheme is, "Something is better than nothing."

These and all the other pros and cons are being aired on the eve of the law's fourth anniversary, April 1. Its name remains the same—the New Jersey Unsatisfied Claim and Judgment Fund—but on all other counts the law has come far short of its 1955 intentions.

Briefly, here is the record, as summarized in the accompanying charts based on the fund's latest available records, cumulative to November 1, '58:

1. Almost half of the fund's 9889 claims (47.7 per cent) are still pending. Another 37.5 per cent were closed without payment to the claimants. Only 14.8 per cent were closed with payment to the claimant motorists.

Total closed claims numbered only 5174. Of these, only 28 per cent were closed with payment and 72 per cent without payment.

2. Most claimants (73.4 per cent) have had to go to court to get payment of their claims. The remaining relatively few (26.6 per cent) have been paid as a result of settlement.

3. Only a fraction of the losses caused by uninsured motorists are being paid by the fund. This is illustrated in one of the charts. As shown, the state fund paid only about 1/7 as much in claims for losses caused by the 1/10 uninsured motorists as insurance companies paid for losses caused by a 1/10 segment of insured motorists.

4. The fund has far over-reserved itself for pending claims.

Its total reserves for all closed claims were $4,-

'S UNINSURED MOTORIST LAW

857,118. But only $2,139,512 of this was for claims closed with payment, wiping out the need for 56.1 per cent of the reserves. If this same 56.1 per cent is extended to $4,559,956 in reserves on claims now pending, the over-reserving on these claims will be $2,558,135.

5. Fees from insured motorists, together with fees from insurance companies, make up 45.1 per cent of the total income of the fund. Uninsured motorists have contributed less than half (48 per cent). The balance of the fund has come from investment returns, repayments to the fund and miscellaneous, unclassified small amounts.

An additional "bite" of $800,000 — perhaps much more—has been put on insured motorists and their insurance companies in costs which the companies have incurred during the past four years in investigating and defending claims against uninsured motorists.

Noteworthy, too, in the fund's figures is the fact that repayments by the uninsured motorists have been almost nil—only $49,598.

How did such a law get on the books in the first place?

Proponents of the scheme felt that any alternative was preferable to compulsory insurance as being practiced in Massachusetts. And, they reasoned, the surest way to avert compulsory insurance was to eliminate the pressures from the uncompensated victims of auto accidents. The UJF thereupon was devised as the pressure remover; the problem of the uninsured financially irresponsible motorist went unsolved.

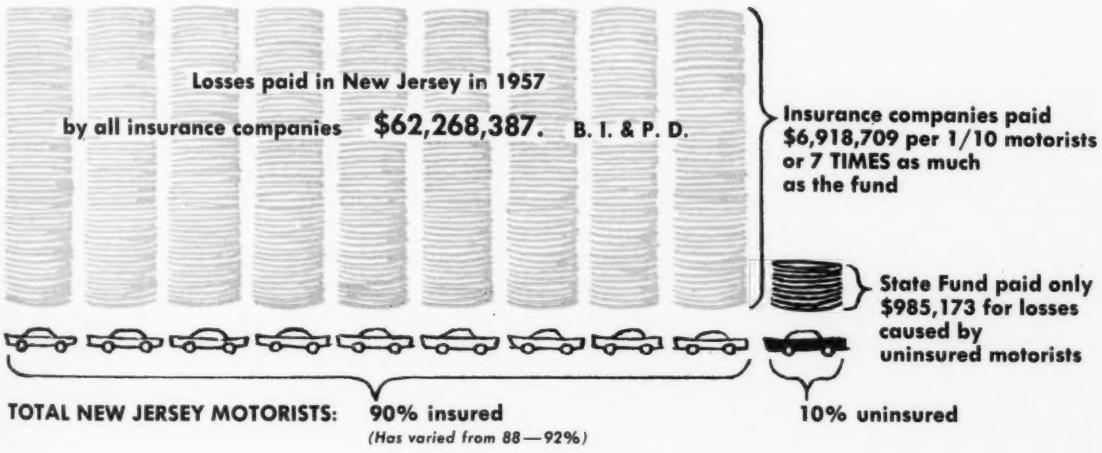
Now, on the eve of its fourth anniversary, the UJF is more famous for its unworkability and its red tape than for its results.

And, the graphic figures presented in this article are only part of the evidence. Strong supporting evidence comes from a highly reputable survey covering 300 scientifically selected claims. All of these claims were substantial, in that they involved $400 or more.

This survey brought out:

Red tape made it almost mandatory for the claimants to have legal help in dealing with

Fund Falls Far Short of Paying Losses


Losses paid in New Jersey in 1957
by all insurance companies $62,268,387. B. I. & P. D.
Insurance companies paid $6,918,709 per 1/10 motorists or 7 TIMES as much as the fund
State Fund paid only $985,173 for losses caused by uninsured motorists
TOTAL NEW JERSEY MOTORISTS: 90% insured
(Has varied from 88—92%)
10% uninsured

the fund. About 8 in 10 of the claimants had the help of a lawyer in filing their "Notice of Intention to Make Claim"; 86 per cent engaged a lawyer at some time during their cases.

Almost half—44 per cent—of all these claimants who got arrangements for payment from the fund had to wait more than a year before such arrangements were completed.

Those who settled out of court settled for anything they could get—usually far less than the amount of their claim—for one of several good reasons.

Fifty-five per cent of these surveyed claimants had an unfavorable opinion of the fund for one or more of several reasons, principally the red tape involved.

Red tape ensnared the claimant motorists the moment they became accident victims. Starting at that point there is a long and complicated list of requirements in filing "Notice of Intention to Make Claim."

Consent Blocks Workability; a Prison Case

What the surveyed claimants encountered in the year or more of waiting—some cases went two years or more—included crowded court calendars, unfamiliarity on the part of some responsible person with the UJF procedure, difficulty in finding the uninsured driver or inability to locate him at all, and stalling action on the part of the uninsured driver.

The strange case of the uninsured motorist who was in prison—but UJF involved—points up the strong belief of many authorities that the UJF is unworkable. Under provisions of the law, the consent of the uninsured motorist must be obtained to the settlement, along with his agreement to a plan of repayment to the fund. In this particular case, the uninsured motorist was in prison at the time of settlement. But before the fund could make payment it had to contact him, get his consent to the settlement and his agreement to some ridiculously low time payment plan amounting to about 50 cents a month. Worse, the fund obviously never will be paid back in this case.

Getting consent and agreement from an uninsured motorist who has absconded to Florida, California or Puerto Rico is even tougher than in the case of a prison tenant. At best, according to claim officials, uninsured motorists are generally the worst element on the highway; getting any cooperation whatsoever from them is often impossible.

In the majority of cases where the uninsured driver was directed to pay, the judgment was less than $500. In most instances, payments were to be in installments, rather than in one lump sum. In half the cases the uninsured driver failed to carry out his agreement satisfactorily, either because he stopped payments or because he never paid anything at all.

Uninsureds Not Improving in Responsibility

Nor is the fund-law doing anything to encourage responsibility on the part of the uninsured motorists. In fact, many of them think they have insurance when, as uninsured persons, they pay into the fund at the time of getting their licenses. Free defense is provided these uninsured motorists under the UJF; more of them are discovering that. Thus, they are forcing the fund to make a complete defense, meanwhile balking at any settlement which is conditioned upon their reimbursing the fund.

An overriding evil of the UJF in the judgment of authorities who have watched it through this initial four-year period is that it is a long step toward governmental ownership and operation, not only in the insurance business but in other areas. As time goes by and mounting problems plague the UJF, already an odd union of state and private enterprise, it will be a simple matter to eliminate private insurance participation. Some public officials already are demanding that government have a larger voice in the management of the fund. And, serious legislative attempts have been made to enlarge the scope of the fund's operations.

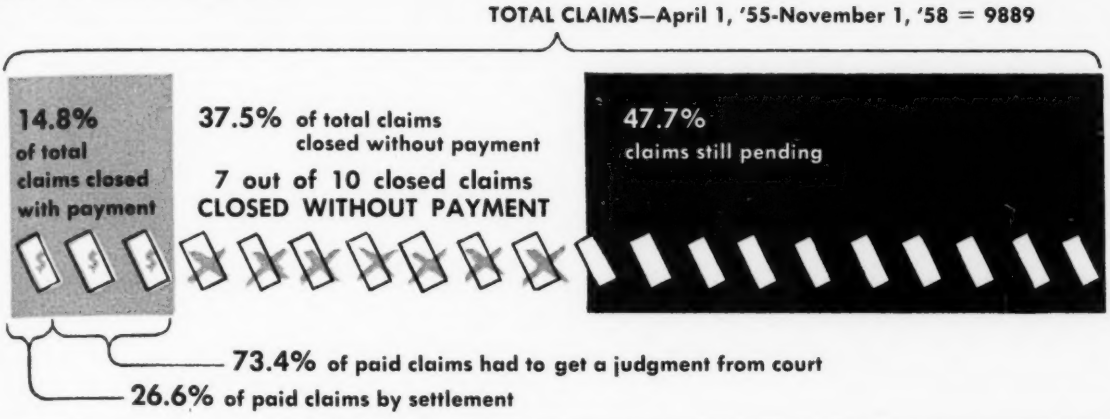
State Nearing Usurpative Role in Insurance

The state already is an insurance carrier, in fact. It is collecting money, from both uninsured and insured motorists, to pay the losses which are caused by uninsured motorists. From insurance carrier to owner/operator is but a short step.

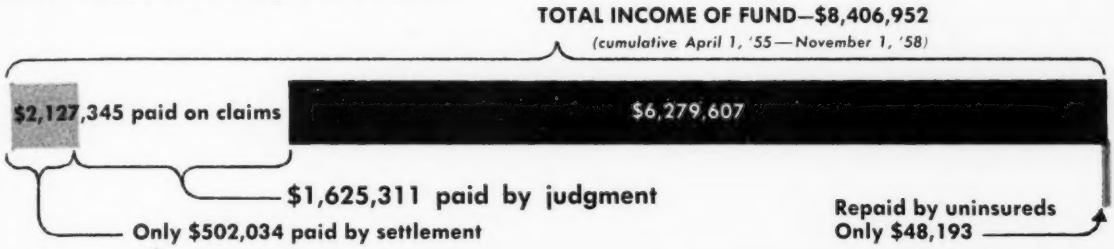
This may have been foreseen by the attorney who said of the UJF, "This thing is lunacy."

But the words which keep coming back to anyone studying the UJF records are those of the claimant who said, "It has proved worthless to me. My father was killed 'free.' I have paid funeral expenses and received nothing." ⊙

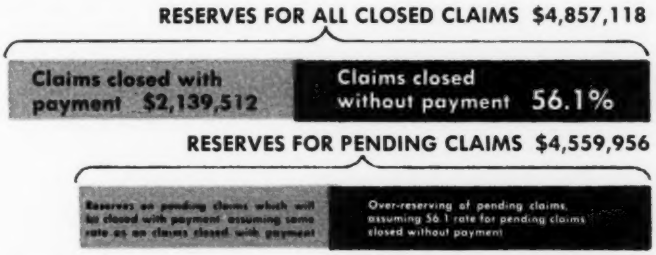
Few Claims Are Paid


TOTAL CLAIMS—April 1, '55-November 1, '58 = 9889
14.8% of total claims closed with payment
37.5% of total claims closed without payment
7 out of 10 closed claims CLOSED WITHOUT PAYMENT
47.7% claims still pending
73.4% of paid claims had to get a judgment from court
26.6% of paid claims by settlement

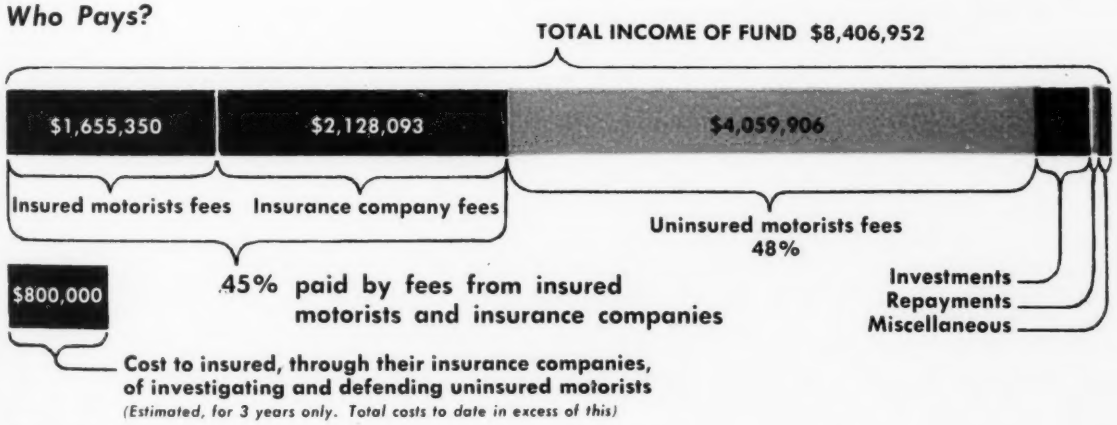
Most Claimants Must Go to Court

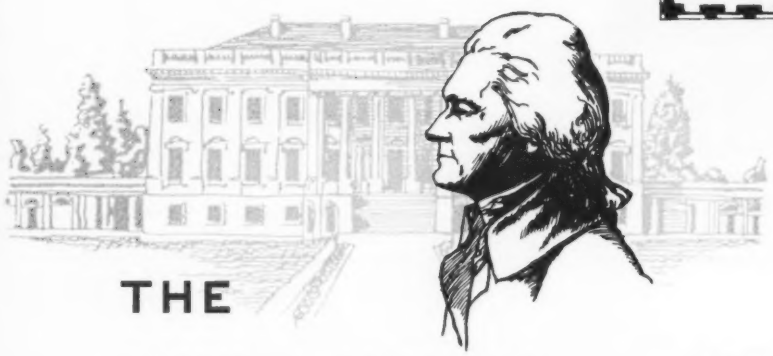


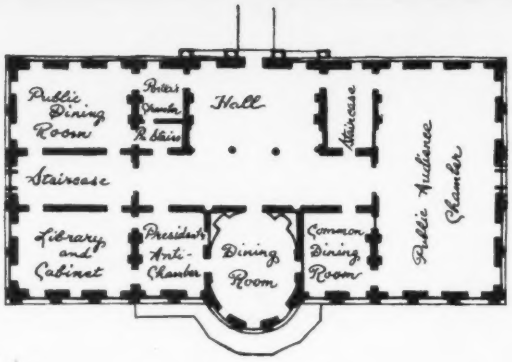
Excessive Reserves Set Up


RESERVES FOR ALL CLOSED CLAIMS $4,857,118
Claims closed with payment $2,139,512
Claims closed without payment 56.1%
RESERVES FOR PENDING CLAIMS $4,559,956
Reserves on pending claims which will be closed with payment assuming same rate as on claims closed with payment
Over-reserving of pending claims, assuming 56.1 rate for pending claims closed without payment

Who Pays?


TOTAL INCOME OF FUND $8,406,952
$1,655,350
$2,128,093
$4,059,906
Insured motorists fees
Insurance company fees
Uninsured motorists fees 48%
Investments
Repayments
Miscellaneous
45% paid by fees from insured motorists and insurance companies
$800,000
Cost to insured, through their insurance companies, of investigating and defending uninsured motorists
(Estimated, for 3 years only. Total costs to date in excess of this)





Porticoes and terraces in view at left were planned by Jefferson and architect, Latrobe; above, the main floor at time of Jefferson's occupancy.

THE WHITE HOUSE—

Washington, D. C. March 14, 1792

THIS MONTH, 167 years ago, the "house built for ages to come," had its beginning at the hand of a famous statesman who will also be forever identified with mutual insurance.

The hand was that of Thomas Jefferson, who on that eventful day of March 14, 1792, was the first Secretary of State in the newly formed U. S. government headed by President Washington. Congress had previously approved a Federal city on the Potomac River. Now a house was needed for the President.

Jefferson wrote and had published in the leading newspapers an advertisement offering a prize of $500 or a gold medal of the same value for plans accepted by the Board of Federal Commissioners.

Jefferson had already sketched the plans for the Federal City of Washington. Likewise, he had his own ideas for the President's house. Forthwith, in answer to his own advertisement, he drew up plans for the mansion and submitted them over the signature, "A. Z." But the winning architect in the competition was to be James Hoban, of Charleston, South Carolina, born and trained in Ireland.

Anchored on a cornerstone laid in 1792, the mansion that has long since become universally known as The White House is now the oldest public building in Washington.

Uncompleted during the presidency of General Washington, it was first occupied by the nation's second presidential family, John and Abigail Adams. It was she who described it as a "house built for ages to come."

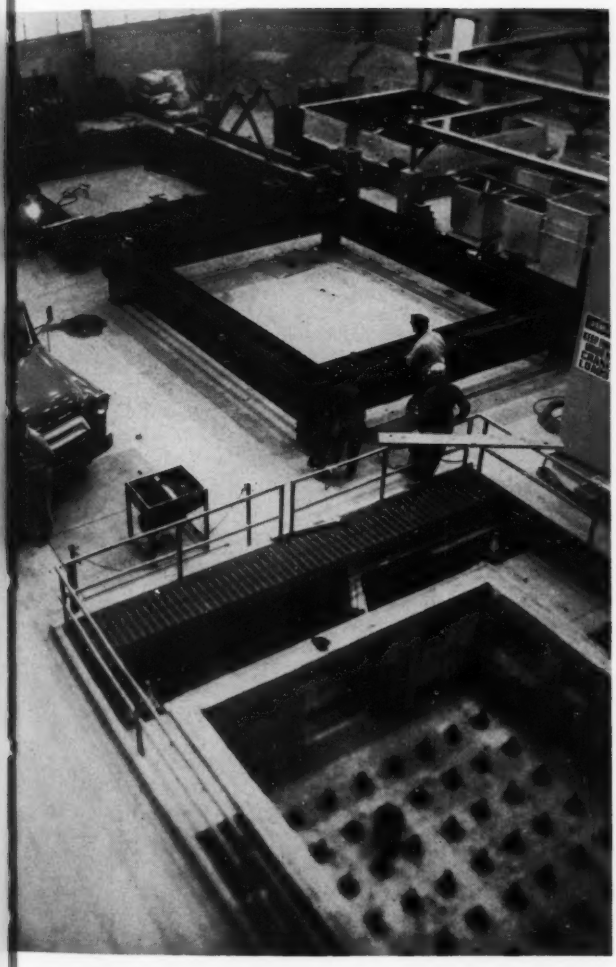
It was first referred to in print as "The White House" in the Baltimore Whig, in November, 1810, although it had been thus designated from the first because its white sandstone contrasted with the brick and frame of other Washington houses. There is a legend, too, that it became "The White House" after the gray stone walls, which had been smoke-stained, were whitened in the restoration following the burning by the British in 1814. It has been The White House, officially, ever since President Theodore Roosevelt had the name engraved on his stationery.

Jefferson, who launched the project with his advertisement, became the third President to occupy The White House, on March 4, 1801. Famed also as drafter of the Declaration of Independence, and father of Democracy, he was identified with the beginning of mutual insurance through his connections with the Mutual Assurance Society of Virginia, organized in 1795, and from which he obtained the policy protecting his beloved Monticello.

This March, 1959, The White House, The Presidency and Thomas Jefferson again are joined in history, with a portrait of Thomas Jefferson being painted by President Eisenhower. ⊙

Tests of products and materials in new Underwriters' Laboratories ensure the safest of standards

NOT SECRET—JUST TOUGH



IN AN ERA of guarded research, restricted areas and mysterious moon shots, this new safety testing center of Underwriters Laboratories in Northbrook, Illinois, might be mistaken for a "Little Canaveral." But instead of secrecy, the stress is on the toughness of its insurance-sponsored tests aimed at public security and protection.

"UL inspected" has long been a household safety brand. Founded by a group of midwestern underwriters in 1894, Underwriters Laboratories has pioneered research in such areas as fire and burglary protection. Now the Northbrook center joins New York, Chicago and Santa Clara, California, UL plants in testing everything from fuse boxes to safety glass.

Open to all manufacturers, UL takes products submitted for safety appraisal on a first-come, first-served basis, with more than half of all tests devoted to electrical equipment. The new lab marks a space-age step; facilities are planned to gauge hazards of equipment and buildings designed for our private atomic industry.

At the moment, UL approval is being put on fire protection equipment and materials tested in the new center. Put on, that is, if the products pass traditionally stringent standards. ⊙

Floor testing: concrete truck-poured into frames (seen at top) is carefully cured, then set over gas jets of furnace (lower right) where 2000 degree temperatures measure fire resistance.

Rus Arnold Photos.

Not Secret—Just Tough!

Wind-testing roofing

Studies to determine behavior of roofing materials in high winds have been advanced by new UL wind tunnel which simulates 98 mph gales (average velocities in windiest gales in U. S. are little better than 60 mph). At 80 mph, lab man studies speed which deforms, then tears off shingles. Goal: dependable safety standards.

2

1

Rating extinguishers

1

With ignited gasoline floating on water in a steel pan, UL tests performance of a five-pound portable fire extinguisher. Conditions are regulated so that extinguisher is fully tested.

2

Gasoline is allowed to burn for one minute before fire fight begins. Engineer uses approved technique, spraying base of fire. Different type units are tested in 150 trials a year.

3

To meet approved standard, portable unit must put out fire before the chemical charge is exhausted. Average extinguishing time for test shown here ran from six to seven seconds.

3

Proving-Up sprinklers

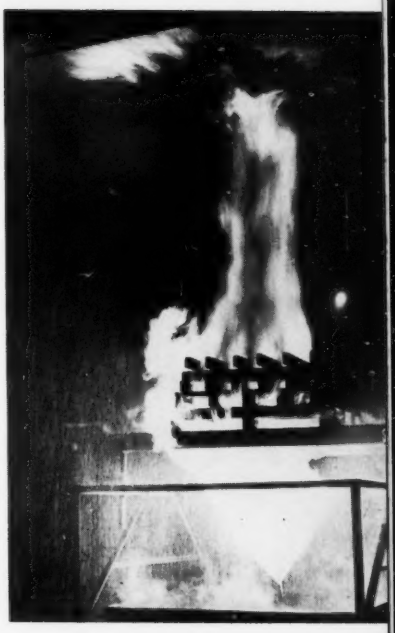
1

1
Overhead sprinklers are tested for effectiveness of water distribution on wooden crib which is ignited by gas flame.

2
Fir-plank crib burns until temperature at ceiling, where four sprinklers are set 10 feet apart, reaches 1800 degrees.

3
Releasing 15 gallons of water per minute, sprinklers saturate crib, continue to operate until fire is completely out.

4
Approval of equipment hinges on crib's weight after test; weight loss from the fire must not be more than 20 per cent.



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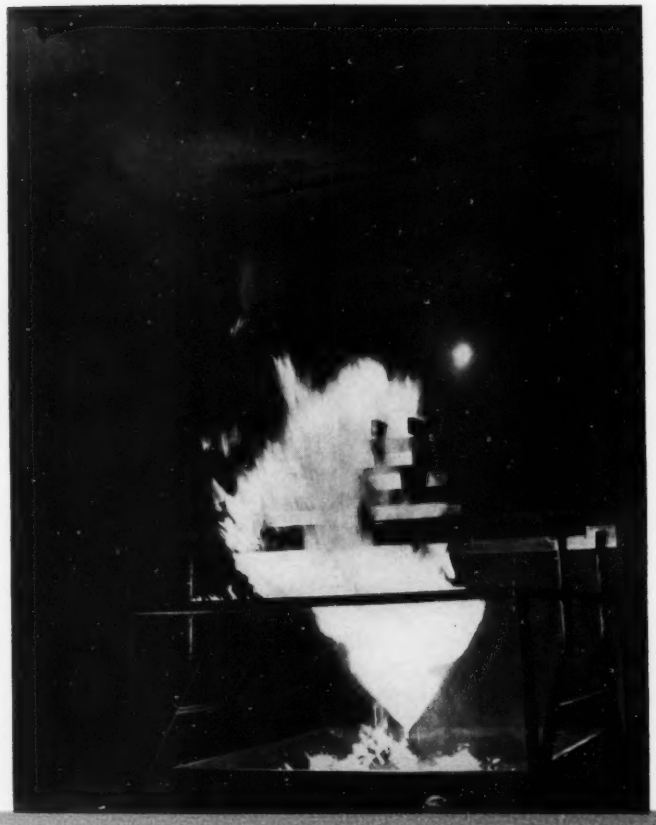

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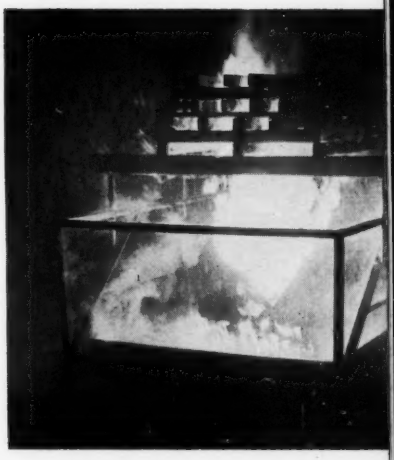
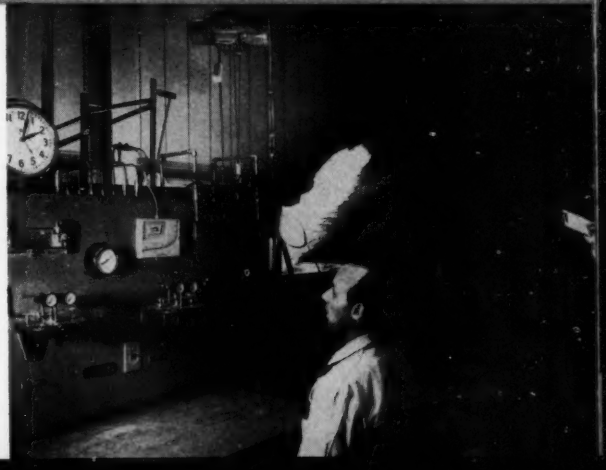


Fire-testing roofing

Four-minute flame-spread test of roofing materials combines hazards to measure fire resistance of shingles of different composition. Materials pass the test if fire fails to climb full length of 13-foot mock-up roof. Engineer controls gas flame and 12 mph wind. Time advantage, a vital element in fire control, can be forecast from these tests.



Presenting:

THE INSURANCE INDUSTRY

(First in a series)

TEDDY ROOSEVELT pinpointed the driving force that was to spur a remarkable growth in American insurance when he said, in 1917, "Nine-tenths of wisdom is being wise in time."

The legions of his fellow citizens who have translated TR's advice into insurance action have multiplied many times. Today, insurance in a sweeping variety of useful forms is a basic consideration in virtually every household, corporate, institutional and governmental budget in the nation.

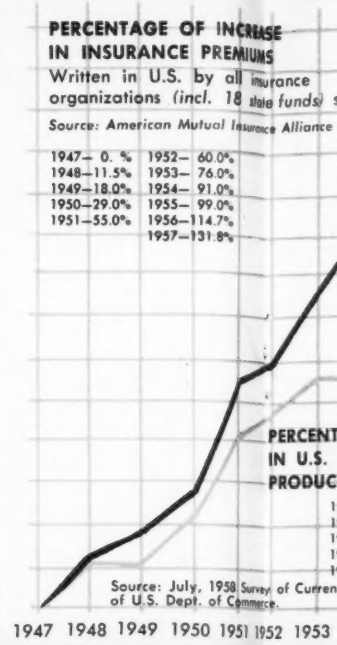
To meet the diverse needs of our 180 million people in history's richest economy, a complex, competitive industry has evolved. Based on solid principles, it has kept pace with the times through remarkable flexibility in operating techniques and research activities.

Linked to all facets of our complex economy, the insurance business itself has a colorful and lively texture. Criss-crossed with variations on the same theme—providing protection wherever it is needed—the industry's story really lies in its people, its services, its companies, its resources, its many allied trade, rating and safety organizations.

On these pages and others to follow, the Journal intends to capsulize the scope and vitality of 20th century American insurance. ⊙

A GROWING INDUSTRY

Since 1947, the growth in the insurance industry has been comparable to that of the teen-ager who shoots up inches in months while his parents watch in awe. Rapid rise in acceptance of insurance is one of significant social and economic trends of these space-age times.

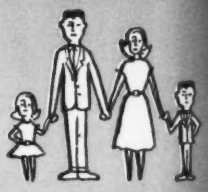


EVER-WIDENING SERVICES

As new forces have entered the American economy, new insurance coverages have appeared regularly. Each advance in our national life has its own insurance ramifications.

NEW HIGHS IN PROTECTION

The number of Americans protected by some kind (or more often, several kinds) of insurance reaches astronomical heights—all persons or groups who have been "wise in time." For illustration, just a few of the many and widespread uses of insurance are depicted at right.



Some 109 million people h
U. S. own life insuran
policies. Total premiums i
1957 were nearing $15 bi
lion for all the forms sold.

Late
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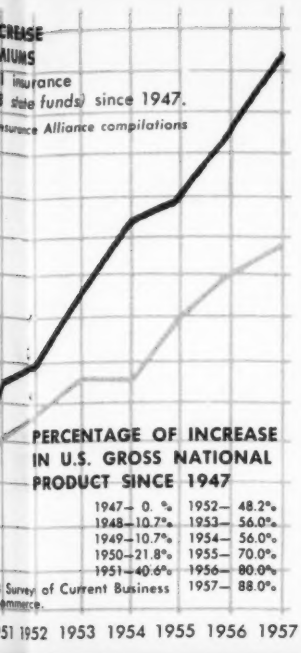
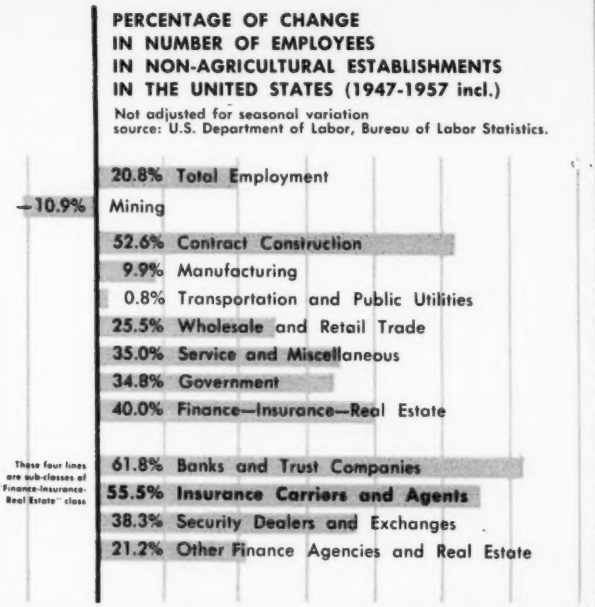
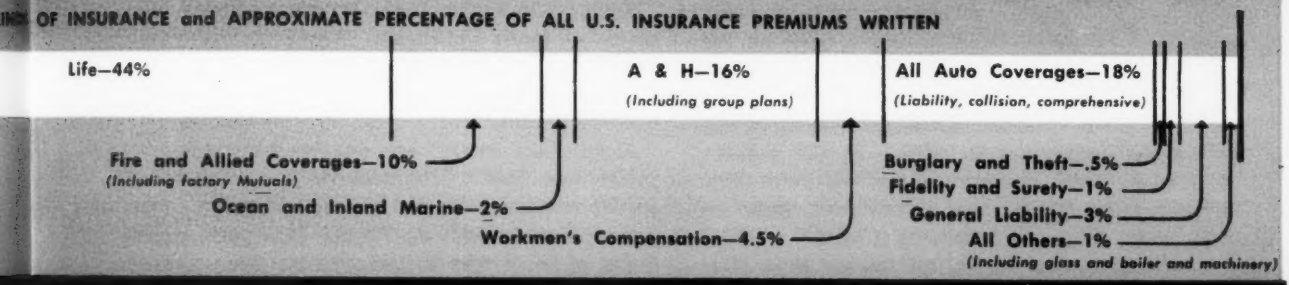


One out of every 50 working Americans is employed in the insurance business. The variety of skills is wide and getting wider, as new methods, such as electronics, and new services are constantly developed nowadays.


PERCENTAGE OF CHANGE
IN NUMBER OF EMPLOYEES
IN NON-AGRICULTURAL ESTABLISHMENTS
IN THE UNITED STATES (1947-1957 incl.)
Not adjusted for seasonal variation
source: U.S. Department of Labor, Bureau of Labor Statistics.
20.8% Total Employment
—10.9% Mining
52.6% Contract Construction
9.9% Manufacturing
0.8% Transportation and Public Utilities
25.5% Wholesale and Retail Trade
35.0% Service and Miscellaneous
34.8% Government
40.0% Finance—Insurance—Real Estate
These four lines are sub-classes of "Finance-Insurance-Real Estate" class
61.8% Banks and Trust Companies
55.5% Insurance Carriers and Agents
38.3% Security Dealers and Exchanges
21.2% Other Finance Agencies and Real Estate



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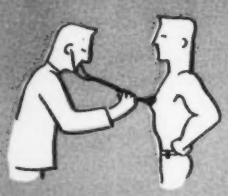
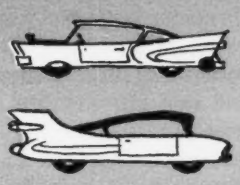
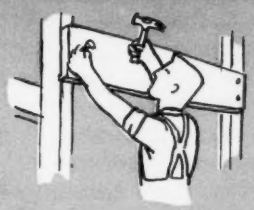


Latest figures show 121 million persons protected by insurance against hospital bills; 109 million had surgical coverage, too.

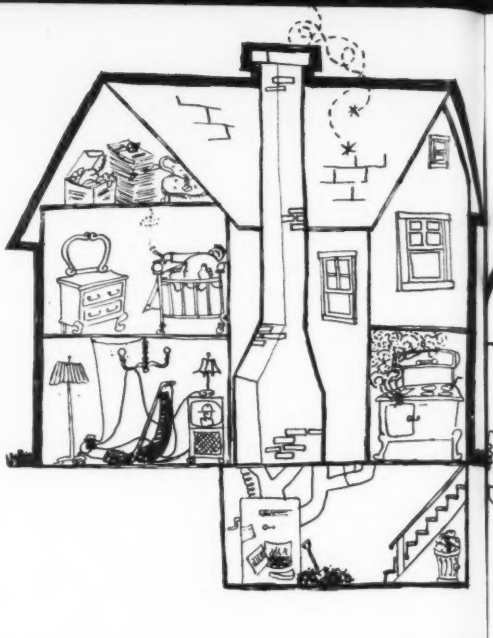


About 52 million cars, trucks, buses in U. S. are covered by automobile liability insurance, protecting owners and/or drivers of these vehicles.



Hundreds of thousands of employers and some 25 million workers are guarded by private workmen's compensation insurance policies.

Countless industrial and commercial firms, public bodies at federal, state and local levels, and institutions are insurance-safe against losses.



NO FIRETRAPS FO

A growing horde of school children,
in junior fire departments,
are "hep" to fire—and won't have it.

By PAUL FRIGGENS

ONE DAY a few years ago, an irate citizen called the Los Angeles fire department to complain: "What are you running—a kid gestapo? A 10-year-old boy is telling me I got too many wires in my garage on one circuit. What's *he* got to do with it?"

There was the case, too, where a father reported that his child had snatched a cigaret out of his mouth while he was smoking in bed and reading the paper. "Tell me, *where'd he get the authority?*"

Complaints such as these swamped the fire stations when Los Angeles was pioneering its novel Junior Fire Department back in 1944. The schools, in a bold experiment, had dispatched thousands of children—official checklist in hand—to run down and report neighborhood fire hazards. Junior and his eager beaver classmates swarmed over back yards and garages, pestered the neighbors and rooted through their own homes from basement to attic! Finally, the Los Angeles fire department had to appeal to the zealous fifth and sixth graders to lay off inspecting anything but their own homes and those of relatives.

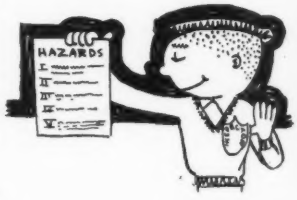
The experiment worked almost too well. The enthusiastic children uncovered 98,048 fire hazards—about three per child—and got something done about them, too. After its first chaotic but convincing trial, the city settled down to a *single* home inspection and adopted the Junior Fire Department plan for every public and parochial school in Los Angeles.

In 15 years, eagle-eyed elementary children have uncovered and had corrected more than 2 million fire hazards. "Even if only one hazard in 10 started a blaze, these children have stopped probably 200,000 fires," estimates Capt. George Kelly, Junior Fire Department head. "And think of the countless lives saved."

There's an extra dividend. Thanks to the fire-fighting fifth graders—along with door-to-door fire department dwelling inspection—home owners are paying far less for fire insurance in Los Angeles than they were 10 years ago.

Today the Junior Fire Department idea has spread to many California cities, and with variations to cities in 25 states, Hawaii, Alaska, Australia, Canada and Japan. The National Fire Protection Association heartily endorses it.

If you were to visit Los Angeles schools today, you'd find 60,000 fifth and sixth graders diligently studying fire, and expertly tracking down home hazards—almost 400,000 last year alone. Some of those who helped pioneer the program now are sending their own children to schools, and the gospel is carrying on down. "In a generation," says Capt. Kelly, "we will have more than 1 million persons specially trained and alert to fire prevention."



Just how does a Junior Fire Department operate?

"We pick 9- to 12-year-olds," says Capt. Kelly, "because that's the age they're particularly receptive to and interested in the subject of fire. Another thing, at this age children are not yet too heavily involved in other school activities."

The Los Angeles program is operated through

S FOR THEM

the public and parochial schools, teachers and firemen working closely together. Firemen make four school visits a year. The first semester they lecture on fire hazards, show outstanding fire movies, launch the children on study of a graphic fire manual, then send them home with the official check sheet. Response is almost instantaneous!

"Hey, my boy says I'm overfused," a parent telephones the fire department. "Does he know what he's talking about?"

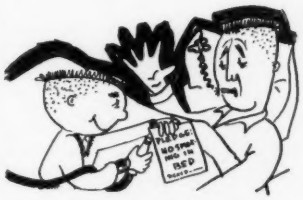
Junior knows all right, and pesters his folks until he gets the hazards corrected. These junior fire fighters take their responsibilities seriously! Upon completion of the home inspection, the pupils have their parents sign and return the check sheets to the schools. They show up the usual dangers: Careless use of flammable cleaning fluids, overloaded circuits, faulty flues, and rubbish in the basement or attic—up to 50 hazards in all. To clinch matters, children must write compositions on their findings, and in due time certify that the fire hazards have been corrected.

"Believe me, those youngsters can put on the pressure," says a father. "They've got to find *five* hazards to qualify for an inspector's badge during the second semester, and they find 'em if they have to turn the place upside down!"

In the first semester, they have been busy writing fire themes, with gold badges for the best.

There are other incentives, too: A chance to represent their school at the exclusive Los Angeles fire department spring picnic, and to be elected to the prized junior posts, such as captain, lieutenant, battalion chief, and chief engineer. Also, chief officers are brought to fire department headquarters for a special inspection tour and are given a thrilling ride on the fast aerial trucks. Then at a big banquet, top awards go to the best individual home inspectors and to the schools chalking up the best inspection records.

"The payoff," says a Los Angeles official "is not only the countless fires we prevent, but the mature, respectful attitude these youths are developing toward the fire department and the authority in general. One year we made a 35 per cent cut in malicious fire alarms. The new attitude shows in other ways. During a severe Los Angeles storm, an alert youngster reported wind-whipped high-tension wires about to topple into the watery streets, and so saved untold lives. Another urged several homes in his block to install chimney spark arrestors. Firemen say that thousands of these young people have exacted signed promises from their parents not to smoke in bed!



No wonder Los Angeles is enthusiastic about its junior fire fighters. Says the fire department's last annual report: "It is a noteworthy trend that while the total alarms seem to go up with the increase in population, the number of actual fires is actually declining." Officials give a lot of the credit to the junior sleuths.

Their efforts, indeed, return big dividends for the money spent. Cost of the program, borne by the Los Angeles fire department, is an estimated $75,000 a year for materials and for seven inspectors and one captain.

Civic groups strongly back the fire department. The Junior Chamber of Commerce, for example, underwrites the annual picnic and banquet, totaling about $800 a year. "No better investment," declares the junior chamber.

So the popularity of fifth grade fire-fighters grows on the West coast. You've heard of the disastrous Los Angeles area brush fires. Well, these days the juniors are helping tackle this

mounting danger, too. In Orange County, next door to Los Angeles, about 15,000 fifth graders are organized as Junior Firemen and Junior Rangers to help hold down loss in the towns and forested rural areas alike. Orange County is a rugged 782 square miles with skyrocketing population. California state forest ranger, J. A. Scherman, started the Orange County program which is labeled as one of the most effective in the United States.

While Los Angeles pupils become experts at spotting home hazards, Orange County youths keep a sharp eye out for rural hazards. In the first six months of the program, fire prevention officials reported a 20 per cent cut in Orange County fires, and property losses reduced more than $300,000. Moreover, the Orange County youngsters can tell you what to do when forest or brush fires start—pretty important with 15,000 children on the lookout!

Inspired by the Los Angeles venture, forward-looking Chief Reynold C. Malmquist introduced the junior public and parochial fire fighters in Minneapolis schools eight years ago. The Minneapolis program is confined to the fifth grade and consists of a six-weeks study course after which the children qualify by examination for Junior Fire Department membership. Then look out at home!

Every year now about 8,000 boys and girls turn up and correct some 50,000 fire hazards. As a result of this sleuthing and general educational efforts by the Minneapolis department, dwelling house insurance rates are at rock bottom. They've been sliced twice in a few years. A big share of the credit, citizens insist, should go to the city-wide school program.

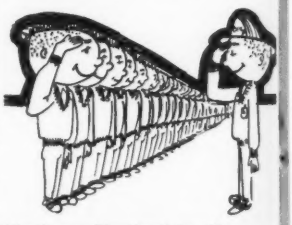
One day with Inspector Leigh Johnson, I visited Minneapolis schools to see the campaign firsthand. At St. Kevin Parochial school, the genial fireman—one of a hand-picked crew—got a hearty welcome. He reviewed lesson materials, quizzed the children on the fire department number—they knew it!—then asked, "Now how many have spotted at least five fire hazards in your homes?" Up went a forest of hands. Johnson congratulated his alert "inspectors" and announced that on next trip he would award official gold and silver badges.

"Meantime, we'll hear from their parents," a sister predicted. "They call us to ask such questions as, 'What are you doing with my boy? He cost me $50 for new wiring!' "

Inspector Johnson wound up his visit with a Jiminy Cricket movie, "I'm No Fool With Fire," and—since it was December—warned the children about Christmas tree hazards. "Be sure to keep your tree's feet wet." No doubt about it, Inspector Johnson and his fifth grade fire fighters are making Minneapolis homes safer year by year. Department figures show a decrease of about 1,500 home calls a year since the junior program was started.

The Minneapolis fire department marshals 20,000 Boy Scouts in fire prevention, too. Designated troops volunteer to keep fireplugs snow-free during the long winters. Every troop meeting room in the city is inspected by firemen. This year, Cubs and Scouts distributed 100,000 fire prevention pamphlets to homes, and took part in countless fire-fighting demonstrations. More than 300 older boys are enrolled in disaster squads. "We can call them out in a matter of minutes," says fireman Don Haight, heading up the Scout work. These specially-trained Scouts pitch in to give special help at big fires and on rescue missions such as drownings. Girl Scouts are enrolled in home fire-prevention training. Example: What to do when the frying pan catches fire.

Sold on the fire-fighting fifth graders, Minneapolis businessmen are footing the bill. To date they've raised more than $100,000 for a fleet of fire demonstration trucks and special equipment, and every year they finance the school literature and fire training manuals, not to mention those coveted silver and bronze "Junior Inspector" badges. The fire department's contribution is leadership and a team of able, personable firemen such as Leigh Johnson who can win a bunch of fifth graders about as fast as they can answer a four-four alarm.



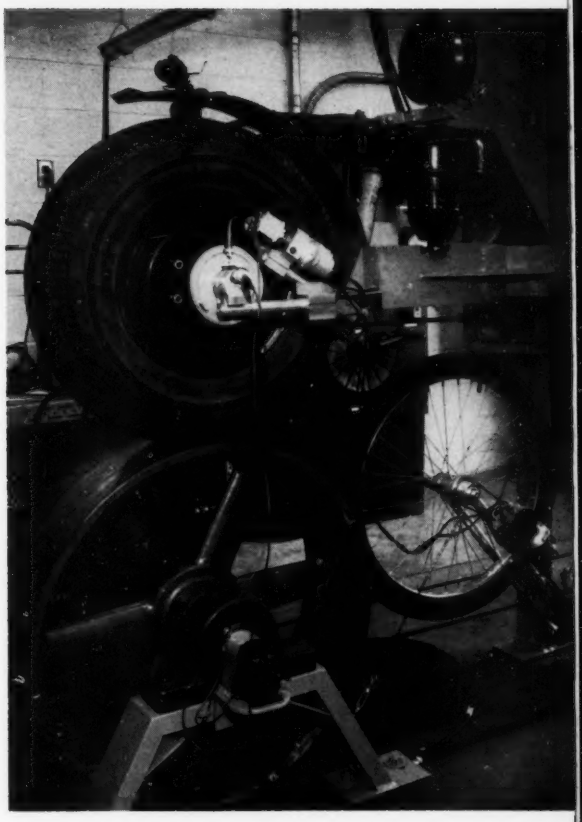
In a few years, Minneapolis has climbed to the top in fire safety. Currently, it has the best record of all cities 500,000 and over. Take Chief Malmquist's word for it: "Those fire-fighting fifth graders have a lot to do with it!" ⊙

Prof. W. E. Meyer, *right*, Penn State test director; H. W. Kummer, assistant.

Devising Safety Insurance:

FOOLPROOF

ANTILOCK BRAKES



Penn State's rig, hailed as most promising device to date for getting safer, antilock auto brakes. With it, road conditions up to 75 mph can be tested.

AN INESTIMABLE BOON to traffic safety—a non-locking auto braking system—is one of the foreseeable goals in research work with this brake test trailer at The Pennsylvania State University.

If locked brakes and the chain sequence of locked wheels, skids, loss of braking deceleration and careening of cars, not to mention trailer-truck jackknifing, can be licked, we will have achieved a new milestone in the prevention of traffic accidents.

Looking farther into the future, if we ever have automatic guidance systems for road vehicles, antilock braking systems will be mandatory.

This freakish-looking equipment is said to offer the most promising hope yet devised.

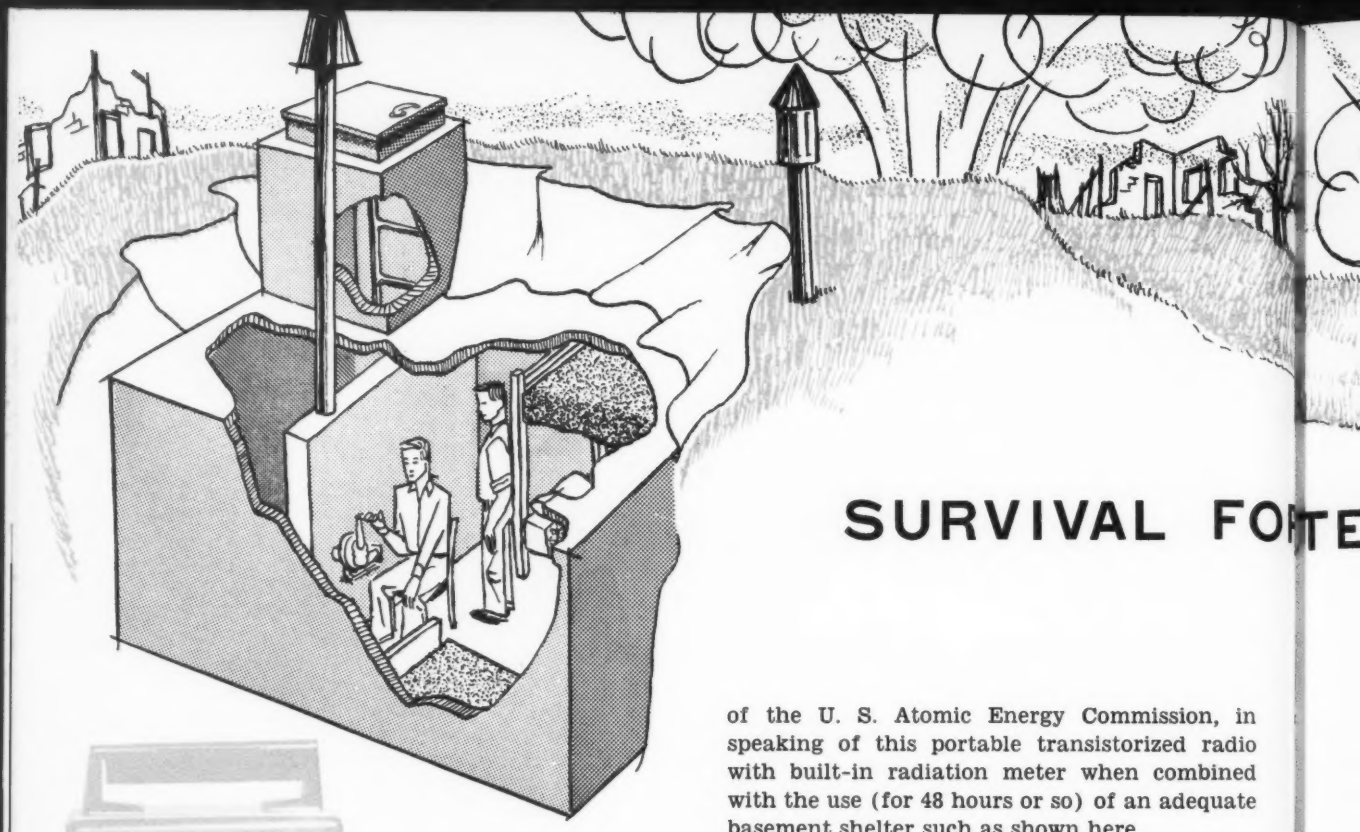
What you see here in this maze of valves, wheels, cylinders, generator, shafts and oscillographs is, simply: A newly-completed Penn State rig with which braking problems can be studied under simulated road speeds of 75 miles per hour. It can be used either stationary in the laboratory or in-tow behind a pickup truck.

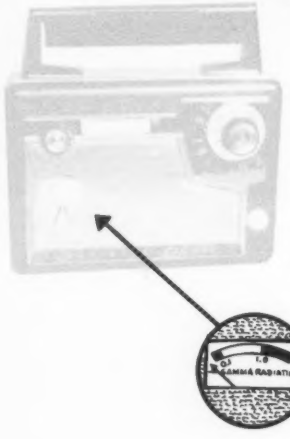
The problem is to get automatic, fool-proof brake-pumping action—a system which will apply the brakes, release them in the split second before locking and repeatedly apply and release them, alternately, with peak braking power and for the shortest, quickest, safest stop possible.

Before perfected, here's what the system must do: Function properly, without increasing the braking-down distance, and perform equally well on dry, wet, or icy roads, with either new or smooth tires, at high or low speeds, with sudden or gradual depression of the brake pedal by the driver, and with other variables.

Simple antilock systems are being used on aircraft wheels. One system is being offered for passenger cars in Europe, but much remains to be learned in laboratory and road work, such as the Penn State tests, before practical, reliable systems become a reality. ⊙

SURVIVAL FOR TE





Basic shelter, fallout safeguard for six adults; the average home basement could be utilized, too.

Adapted from OCDM

Radio-radiation meter set, vital in a fallout crisis. It is being developed commercially, but can be home-constructed from parts.

"Nuclear explosion" . . .
"radioactive fallout" . . .
"radiation poisoning."

WE KEEP HEARING these fearsome words and frightening threats. What, if anything, can we do about them?

Here, with cooperation of the Atomic Energy Commission, the Journal of American Insurance presents a combination of comparatively simple devices which would save your life—and 10 million other lives—in the event of a fallout crisis.

That assurance of 10 million lives saved comes from Dr. Willard F. Libby, Commissioner of the U. S. Atomic Energy Commission, in speaking of this portable transistorized radio with built-in radiation meter when combined with the use (for 48 hours or so) of an adequate basement shelter such as shown here.

This particular radio-radiation meter set was not being produced commercially at press time, but there was hope that production of a "civil defense" model could be arranged. Engineers who have seen the schematic diagram say that it would be possible to build a home set from parts now available.

Of such equipment, Dr. Libby said, "There is a matter of an hour or two, or perhaps a little more, during which people can take shelter from radioactive fallout. It is necessary to have a good communications system in order to distribute the people properly in the shelters. The best equipment for the purpose that I know of is a transistorized battery-powered radio.

"Furthermore, we should try to see that most of the new transistorized radios have incorporated in them a cheap radiation meter, so that people would naturally be protected if they buy one of the new kinds of radios.

"You won't be able to see it (fallout) necessarily; the only way you would know for sure is from radiation meters. It therefore is absolutely necessary that sufficient radiation meters be available. It is hoped that meters can be devised cheap enough so that the addition of this feature to transistorized radios would not be too expensive.

OTEN MILLION

"In any case, a certain number of meters must be placed around the country. It is a matter of public health and safety that these meters be properly handled; I hope that medical doctors in the community would have meters for their own purposes, including checking of probable exposures. This is the kind of planning for the future which we must all take seriously."

Likewise, according to fire and casualty officials of the American Mutual Insurance Alliance, this is the type of equipment which should be in the hands of civil defense groups and of fire and police departments.

Along with a communications warning system, Dr. Libby pointed out that a national fallout shelter program is an absolute necessity for the defense posture of the country.

"First, I think the average basement has good possibilities of being remodeled and altered to afford a considerable amount of shelter and adequate protection from most parts of the 'cigar fallout' area, except perhaps in the innermost and closest portion; even here, if adequate alterations are made, home shelters would do.

"Second, it has been demonstrated in our nuclear tests that it is possible to develop community shelters which are not unreasonably expensive.

"Third, and vitally important, new buildings should incorporate fallout shelter provisions in the design unless other shelters are reasonably conveniently available to the personnel of the new building." ⊙

TOP THIS!

BY AN OLD and too-often proved rule of thumb, 41 lives would have been ticked off on this construction job—one for each story. Instead, an "untoppable" record crowns one of America's most modern centers of mutual life insurance—Chicago's Prudential Building.

Some 32,000 tons of structural steel went into "The Rock" during three and a half years of construction without one fatal or serious injury. As many as 1200 men a day were safe on the job because of careful planning and complete cooperation between an insurance company and a contractor. ⊙

HALF MILLION MILES of safe driving

IF THERE WERE a Nobel prize for exemplary service to mankind in reducing the highway traffic toll, the Poulsons of New Jersey would rate the citation.

Together, this father-son combination has a record approaching 100 years of accident-free driving for a total of a half million miles.

Until now, the son's role in the feat has been overshadowed by that of his father, but the two of them are double proof that safe driving is within human capabilities. Disclosure of their record dates back to December, 1957, when the elder Poulson, Fred D., 88-year-old retired salesman, voluntarily surrendered his driver's license because he wanted "to quit while he was still ahead."

In a brief letter to the New Jersey Motor Vehicle Department, he explained that he had driven for 47 years over more than 300,000 miles without ever having had an accident, and that "rather than spoil my record with all these crazy drivers on the road, I am returning my application for a driver's license."

The son's role—and record—has just been unearthed by a correspondent for the JOURNAL OF AMERICAN INSURANCE, Robert H. Levine, suburban editor of the Paterson (N.J.) Evening News. The younger Poulson, Harold S., of Little Falls, New Jersey, an insurance agent with A. P. Haldane, Inc., Paterson, learned his motoring in 1911 in his father's first car. In the 48 years since then, he estimates that he has driven more than 200,000 miles without an accident.

Definitely, the son plans to keep his driver's license, but the father has no regrets about his surrender and hasn't changed his mind about the present-day "crazy drivers." Driving habits of present-day motorists, as he has observed them, haven't changed much since he decided that it was time to call it quits.

What is the secret of his exemplary record and what tips has he for safer driving today? Just this: He blames the ever-increasing number of accidents on the fact that *"drivers today don't observe the proper courtesies, and they don't give the other fellow a chance."*

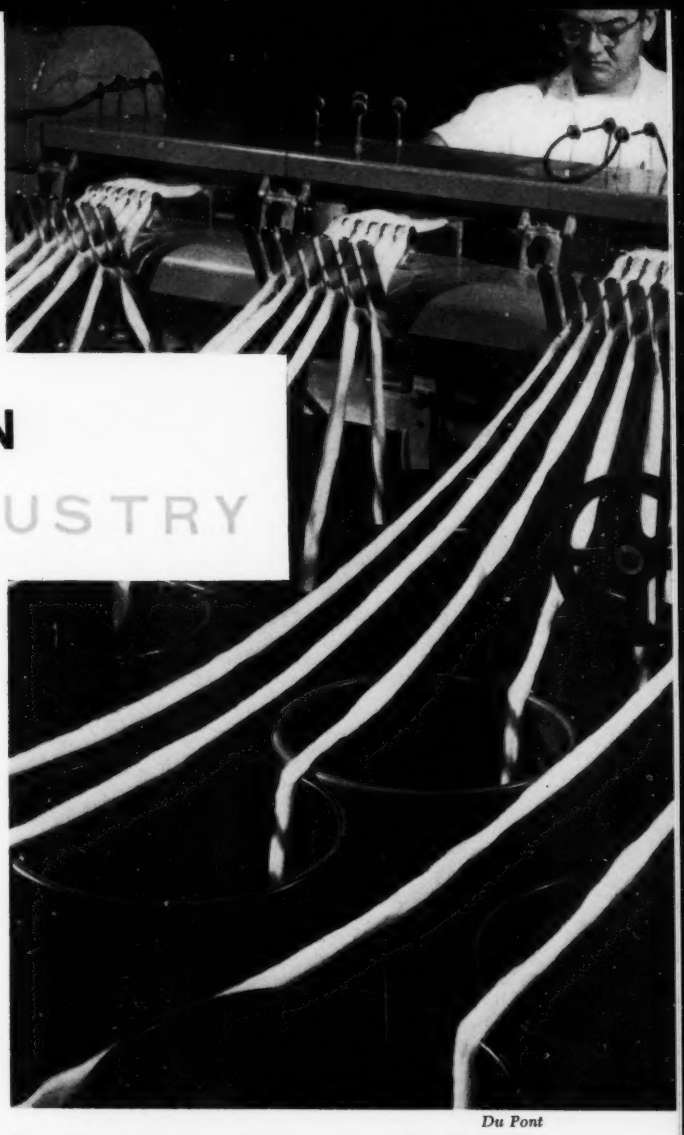
Mr. Poulson began driving in 1910 and was the proud owner of the 2,790th Ford car produced. At that time his home was in Upper Montclair, New Jersey, and he drove to Morristown to get his license. In those days no driving test was required.

Although he has since lost count of the number of cars he owned over the years, Mr. Poulson does recall that he drove his last car for 120,000 miles before he sold it 13 years ago when he went to live with his son. From the time he gave up his own car until he turned in his license, he drove his son's car. And never an accident!

May his kind increase! ⊙

Fred D. Poulson, 88, with son, Harold S., co-holders of safe driving record now nearing 100 years and more than 500,000 miles on their speedometers.

OUR AMERICAN CHEMICAL INDUSTRY



Du Pont

Toward better yarn, one of many steps in multi-million dollar textile research. It is estimated that by 1975 man-made fibers will supply 40 per cent of our total U. S. textile production.

SALTPETER FOR GUNPOWDER . . . alum for tanning . . . potash for soap and glass.

From such simple beginnings back in the middle of the 1600's, the American chemicals industry has grown to be the most modern of all our manufacturing businesses.

A measure of its present magnitude is the fact that its output in 1959 is now forecast at $88 billion—topping 1958 by 10 per cent.

Through modernization, 70 per cent of the industry's total capacity has been installed since the end of World War II. But already much of this capacity has been antiquated by new production methods and a myriad of new products.

An estimated half of chemical sales come from products placed on the market in the past 25 years. Whole new industries had their beginnings in some of these new products—industries such as plastics, synthetic rubber and certain medicinal chemicals.

To a marked degree, the chemicals industry arrived where it is through the protective and supportive services of insurance. Mutual insurance, especially, has played a notable role. A memorable chapter in that history is the Texas City disaster as recorded in John Bainbridge's book, "Biography of an Idea" (Doubleday).

On that fateful April 16, 1947, the plant of one of the country's leading chemical manufacturers was an innocent, but hard-hit, bystander to the explosion of the cargo of fertilizer-grade ammonium nitrate in the hold of the freighter Grandcamp. The resulting workmen's compensation loss, alone, the largest single such loss in U. S. history up to that time, was handled by mutual insurance—and handled in record time by the insuring mutual company.

Coagency of the chemical and insurance industries has been strong on many occasions and in many ways. Not the least is the fact that the chemical industry, next to petroleum, is the heaviest user of insurance investment capital.

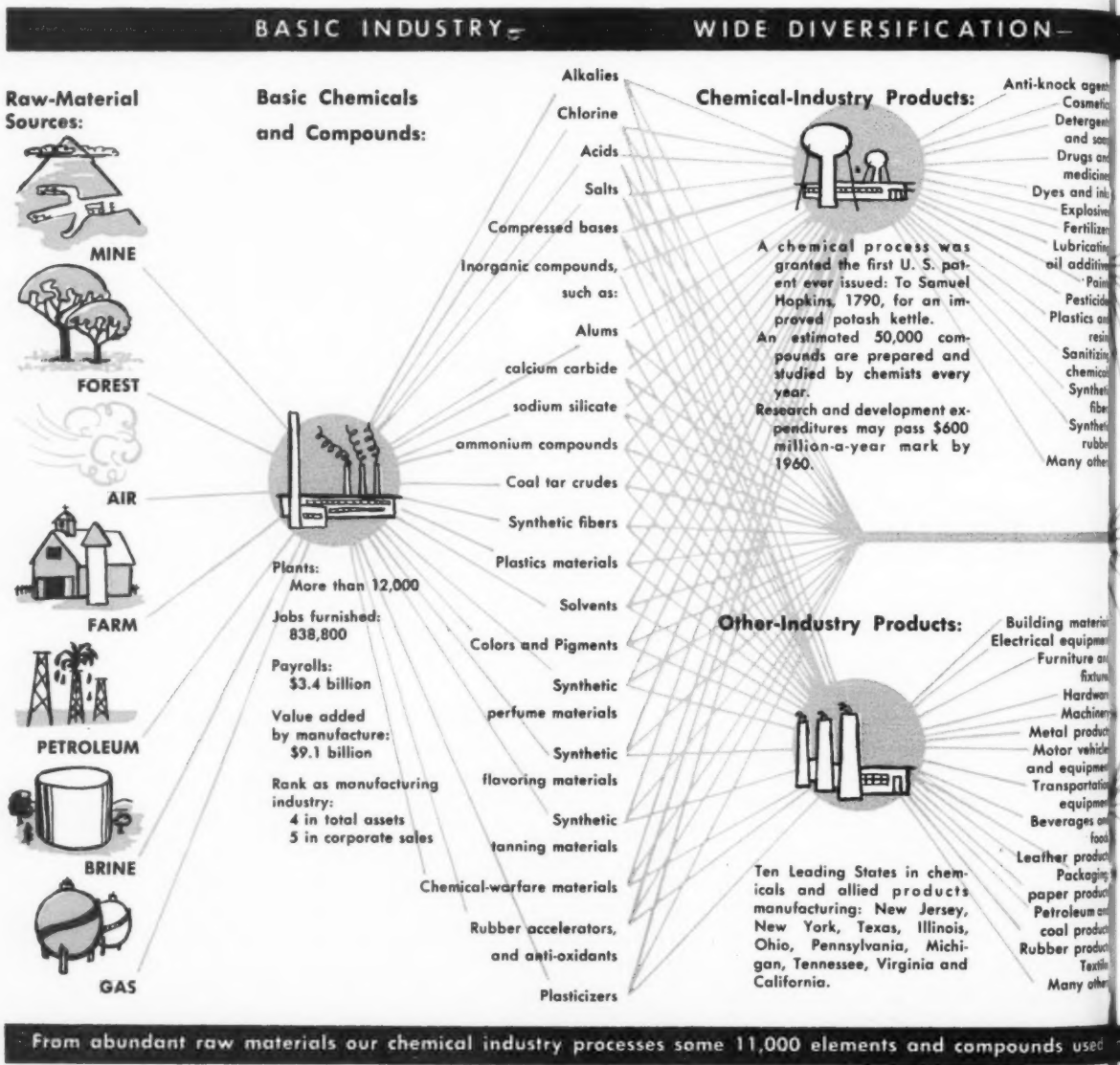
Perhaps nowhere do the two industries—chemicals and insurance—work in closer concert and with better results than in the field

of safety. Over the years the chemical industry has achieved an outstanding safety record by observing proper precautions. The demonstrated safe production of chemicals is the result of well-designed and well-executed processing and engineering controls, implemented by effective plant safety programs.

Few industries have outdone the country's chemical plants in exemplary adherence to the fundamental principles of mutual insurance: Preventing and reducing losses; reducing the cost of insurance.

Likewise, developments in this most modern of industries have had their historical parallels and landmarks in mutual insurance.

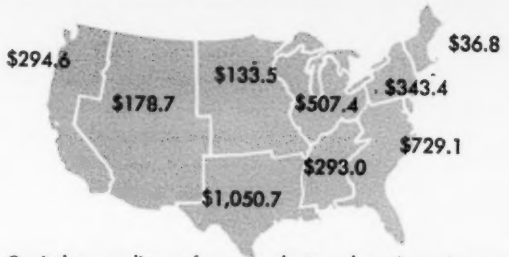
Saltpeter for gunpowder was once the country's whole chemical industry. Today hardly a manufactured article can be made without the use of chemicals, directly or indirectly. . . . Fire and nothing else was all that mutual insurance protected against back in that saltpeter era. Today mutual insurance provides protection



against fire and against practically everything else.

A major moving force back of this most modern of American industries is The Manufacturing Chemists' Association, Inc., whose president, General John E. Hull, provided both staff and material to assist in the preparation of this Journal feature. Established in 1872, the MCA not only is the oldest national chemical trade association, but also the largest and only general one. It represents more than 90 per cent of the productive capacity of the industry. ⊙

(In millions of dollars) 1956-58



Capital expenditures for new plant and equipment were an estimated $1.338 billion in 1958, the eighth consecutive year that the chemical industry has spent more than $1 billion a year for such investments. Growth has been at the average rate of about 10 per cent a year compared with 3 per cent for the rest of industry. By 1975 the anticipated growth will have put chemical sales up to five times what they were in 1950.

WORLD LEADERSHIP | *A Quick Look Ahead*

Fundamental Human Needs:

FOOD

By 1975 it is estimated that U. S. population will be 225 million—55 million more people to feed and clothe than we have today. Not more than 5 per cent additional acres can be put into production. But production efficiency is being increased 80 per cent and more with the aid of chemical "hired hands"—fertilizers, pesticides, fungicides, weed killers, and more efficient machinery.

CLOTHING

By 1975 man-made fibers will represent an estimated 40 per cent of total textile production. One leading manufacturer is working on a non-woven fabric described as a cross-laid web of nylon, rayon, glass, cotton or other fiber bonded by an adhesive and laminated between two layers of cellulose "skin" of high wet paper strength. Selling for 7 or 8 cents a yard, it would be popular for disposable children's clothing, household dresses and hospital uniforms.

SHELTER

Visualized for the future are great plastic domes covering both house and garden and bringing push-button controlled climate; plastic plumbing fixtures, and model bathrooms which can be shipped in relatively small, lightweight packages. More than a half billion dollars worth of plastic building materials already are going into construction, with the chemical industry just beginning to gear itself for this market.

HEALTH

Research screening programs on thousands of chemical compounds and the synthesis of many more new compounds will undoubtedly yield numerous effective new weapons for fighting infective and degenerative diseases, thereby lengthening the life span. In the cancer fight, research is seeking to disclose the chemistry of growth and the functions of the living cell, normal and abnormal. A notable achievement of medicinal chemistry, Salk vaccine, will be improved.

TRANSPORTATION

Supersonic aircraft of the near future will require lubricants capable of good performance at temperatures up to 700 degrees. Chemical research now underway is expected to solve the problem of lubricatng future jet engines at such high temperatures—and at sub-zero temperatures, too. On the ground, if current research pays off, we will be able to build roads and airstrips simply by "shooting" the products of special formulae into the soil.

COMMUNICATIONS

Chemical processes already have been developed to yield high purity germanium and silicon powders and metal for use in the manufacture of transistors and solar batteries. New vistas in electronics are being opened. New, smaller and lighter radios, TV sets and military communications equipment are resulting. Plastics also are destined for an increasingly important role in communications.

DEFENSE AND OTHER NEEDS

In the opinion of Dr. Willard F. Libby, chairman of the Atomic Energy Commission, "It will likely be the chemist or chemical engineer who saves the final mill per kilowatt hour and makes atomic power economical." . . . Research dollars also are being poured into an effort to find a practical way of converting salt water from the sea into fresh water to forestall a water shortage.

...e chemical and other industries to make an ever-increasing number of products for the general welfare.

From Spindles To Reactors

By mid-1960 five atomic power reactors will be producing about 700,000 kilowatts of electric power in the U. S. In another 20 years after that, nuclear power may have all but taken over the electric generating job in the U. S. What this foreshadows can be guessed against the background of history: Exactly 150 years ago, textile manufacturing, the first major American industry, was just a-borning in New England, and mutual insurance, first in service to the new industry, started the science of loss-prevention engineering. Just 80 years ago Edison produced the first commercially practical incandescent lamp, and mutual insurance was there with a notable first example of loss prevention—for mill owners—in a report titled, "Regulations for the Use of Electric Lighting Apparatus."

Now nuclear power is making new history. The '59 chapter is here presented for Journal readers in a specially-written report by Charles A. Perry. He has been officially associated with the atomic energy program for seven years.

A '59 LOOK AT NUCLEAR POW

By CHARLES A. PERRY

ON DECEMBER 2, 1942, in an abandoned squash court under the Stagg Field stands in Chicago, a small group of men watched a Geiger counter intently. The late Dr. Enrico Fermi made a few fast calculations on a slide rule and announced to his colleagues that they had achieved the world's first nuclear chain reaction.

On the fifteenth anniversary of this event the nation's first large-scale nuclear power plant to generate electricity for civilian purposes—the Shippingport (Pa.) Power Reactor—started up.

Today that plant is producing electric power to light the homes of many families in the Pittsburgh area.

This harnessing of the atom for peace, exemplified by the Shippingport achievement, has captured the imagination of a war-weary world threatened by the destructive power of the same atom. In the service of mankind the atom may indeed "make the desert bloom" and may eradicate man's eternal enemies—disease and famine. A myriad of uses in industry, medicine and agriculture are in being, and the prospective developments are virtually without limit.

But the atom, like fire, is also a dangerous servant when out of control. Its power to penetrate matter, which makes it so useful in medicine and industry, is, paradoxically, the reason why the atom is so hazardous. Most every use of the atom is attended by a hazard. The hazards have been kept under control, but at a significant cost, a cost which has undoubtedly kept some corporations out of the atomic energy business and has slowed development in others.

However, this is not the first hazard encountered by American industry. The chemical and petroleum industries have long since taken hazards in stride. Public health authorities have for many years looked out for the public interest when potential public hazards arose. There is every reason to expect American industry, working with public agencies, to cope with the hazards of the atom.

It has become mandatory, in fact, that an alternative source of heat for power be developed in this country, with reserves of low-cost fossil fuels receding in the face of ever-increasing demands for power and with alternate uses for the hydrocarbon content of coal and petroleum in the chemical industry being discovered every day. Increases in energy consumption have averaged 7 per cent per year

APOWER

Proper clothing, weird but protective, and other precautions assure safety for nuclear-power workers. This man entered the work area by means of flexible tunnel behind him.

for electric power and 3 per cent for all energy sources. These rates are likely to continue and even to increase.

Even so, nuclear energy, as we now visualize it, cannot be expected to meet all future energy requirements. It is not now expected to have an important impact as a substitute for the present means of propelling automobiles, locomotives and commercial aircraft. It is of the greatest importance, however, that nuclear energy take up the burden where it can be most effective; that is, in conserving fossil fuels for essential uses in propulsion and in the chemical industry.

Widely quoted predictions made in 1957 by Davis and Roddis, then of the AEC, still serve to illustrate the possible future of nuclear power. They estimated that by 1980 nuclear generating capacity would be about one-third of all electric generating capacity, with two-thirds of all capacity installed after that date being nuclear.

One atomic power reactor plant, the government's Shippingport plant, is already in operation. Four others, built by private industry, will be pouring electricity into commercial grids within the next two years. The four privately financed plants will represent a capital outlay of approximately $185 million.

Wherein do these plants differ from the conventional coal, oil and gas burning types, and what do they portend? The most important characteristics of an atomic reactor, a machine where a controlled atomic reaction takes place, is that it produces heat and radiation.

The amount of heat produced by nuclear fuels is as much as 3 million times the heat produced by burning the same weight of coal. The heat is produced in the fuel material itself, uranium or thorium, and must be removed by a coolant. Common coolants are water, gases, metals such as sodium or bismuth, and certain organic materials.

Power is generated as in conventional plants, by using the steam direct from the reactor, or from a boiler heated by the high temperature

coolant, to drive a turbine generator. No practical way is known of producing electric power directly from the reactor.

The other important product of an atomic reactor, radiation, keeps the reaction going and is the source of the hazard to man.

About a half century ago, with the discovery of radium by Madame Curie, the world became aware of certain elements which in their natural state give off atomic particles and other forms of energy. These, collectively, are known as radiation.

Like X-rays, these emissions were found to damage human cells. By killing or retarding the growth of diseased cells, radiation was found to be beneficial to the body as a whole, as in the treatment of cancer. However, radiation, by damaging healthy tissue, can cause cancer, leukemia, or premature aging, and harmful genetic mutations.

Radiation is difficult and expensive to control by its very nature. For example, certain high-energy, radiation penetrates many feet of concrete; some radioisotopes, radioactive forms of the elements, give off radiation for thousands of years.

Because of its radioactivity, an atomic reactor requires very heavy shielding—concrete, steel or water. Furthermore, materials exposed to radiation in the reactor are themselves made radioactive. For example, the coolant passing through the reactor, and the fuel elements. When the fuel is spent (no longer economic to leave in the reactor) it is removed and reprocessed because it still contains valuable nuclear materials. The spent fuel also contains highly radioactive waste materials which must be separated and stored or disposed of without hazard to the environment.

Control rods and many safety devices regulate the nuclear reactor, and inherent safety features also operate to limit the possibility of an accidental reactor run-away.

What are the hazards associated with nuclear power reactors?

First, the hazards to the atomic worker. The worker may be exposed to radiation while working in the immediate vicinity of the reactor or in the course of loading or unloading or other tasks involving the movement of highly radioactive materials. It would be possible, though not economic, to build shields of sufficient thickness so that a worker remaining in the vicinity of the reactor receives no radiation through the walls. Or, exposure to workers could be regulated by having more workers and shorter shifts. Given maximum exposure limits, the problem is then one of economics—cost of additional man-hours vs. cost of additional shielding.

Much effort is being devoted to the development of lighter, less costly shielding. Also, remote handling equipment to move radioactive materials, protective clothing, Geiger counters which monitor radiation in the air and on employee clothing, careful employee training and rigorous procedures set down by AEC all serve to keep exposure to workers within biologically acceptable limits.

The past record proves that radiation safety for atomic workers is possible. Of some 60,000 atomic workers in 1955, only 339 received exposures above the *average* yearly permissible exposure, and only three received in excess of the *maximum* yearly permissible exposure. There were no fatalities from radiation. In fact, since the program began in 1942 there have been only three fatalities from radiation, and two of the three men were not plant workers but experimental scientists working under less stringently controlled conditions.

Reactor shielding and an exclusion area around the plant surrounded by a fence serve to protect the public from direct radiation from the reactor itself.

Radioactive waste materials from the reactor are another source of potential hazard to the public. But the experience of the AEC has demonstrated that safe systems for waste disposal can be established. The wastes are filtered to remove the highly radioactive components; the low-level gaseous wastes are dispersed to the air through high stacks; and the low-level liquid wastes, such as the coolant water, are dispersed into nearby bodies of water under carefully controlled conditions. Low-level solid wastes are either buried in the ground or sealed with concrete in drums and buried at sea. Highly radioactive wastes are stored in underground tanks. Underground tank disposal for highly radioactive wastes will continue to be necessary for some time to come.

Waste storage and handling is a very costly business. AEC has $65 million invested in waste storage tanks at the present time. Extensive

research is being devoted to techniques of reducing costs.

One hazard of the peaceful atom that has received more public attention than any other is the possibility of a major accident at a nuclear power plant resulting in the release of large amounts of radioactive materials to the surrounding area.

It might be supposed because the fuel in an atomic reactor is similar to that in an atomic bomb, that gross malfunctioning in power reactors might lead to a devastating explosion similar to that produced by A-bombs. Such is not the case. Explosive nuclear or chemical reactions in a reactor could release sufficient energy to destroy the reactor, and possibly wreck the containment structure in which the reactor is housed. But the force will not be sufficient to cause any direct damage outside the plant area. The hazard to the public would not ensue from the explosion itself, but from the possible release of radioactive materials to the environment.

For a nuclear power plant to destroy itself a string of unlikely circumstances must coincide. Reactors are continually monitored by automatic equipment tied into a safety system. If any unsafe conditions are indicated, the reactor is automatically shut down. In addition, reactors have inherent safety features. Beyond that, they are continually controlled by licensed operators following stringent procedures approved by the AEC.

If through unlikely circumstances a reactor destroys itself with a release of radioactive by-products in the reactor building, the public is still protected by the reactor containment structure, usually a steel dome or cylinder, designed to contain all radioactive materials in such an event. Containment structures are conservatively designed and have been estimated to cost about 5 per cent of total plant cost, several million dollars for a large plant.

Before a power reactor may be constructed and placed in operation, a license must be obtained from the AEC. A finding must be made that the operation of the proposed reactor will not unduly endanger the health and safety of the public. A detailed evaluation is made of the site and surrounding area, including population, meteorological and geological characteristics of the area; the reactor and auxiliary systems, including safety systems, containment structure and the waste disposal system, and administrative and organizational policies and procedures.

AEC also periodically inspects licensed facilities to insure continual adherence to the standards of the license.

A detailed study of the theoretical possibilities and consequences of major accidents in large nuclear power plants was made by the AEC in 1957. The study concluded that, assuming 100 large power reactors to be in operation in the U. S. and taking all the most pessimistic assumptions, the chances of a person being killed in any one year by a reactor accident would be less than one in 50 million.

Nuclear reactors have been operating since the startup of the Stagg Field reactor in 1942, with a safety record far better than any other industry. According to the AEC more than 100 reactor years have been accumulated without a single personal injury or significant deposition of radioactivity outside of the plant area.

Yet, Dr. C. Rogers McCullough, chairman of the AEC's Advisory Committee on Reactor Safeguards, has pointed out: "We seriously doubt that our skill and care is sufficient to prevent all accidents, and we must brace ourselves for the accidents which will surely come in spite of our best efforts."

While major accidents have accompanied industrial progress in most important industries, the AEC and state regulatory agencies are pledged to the end that a major accident shall never happen in the atomic energy industry. Vigorous research and development programs and a stringent regulatory system are devoted to carrying out this pledge. ⊙

Safe systems have been established for disposal of radioactive waste materials. Here two health physicists and sailors stow such materials, concrete-sealed in the drums, for burial at sea.

HIGHWAY SAFETY— Goal of New Institute

NEARLY 20,000 LIVES can be saved and 2 million injuries avoided each year, according to safety experts, if proper public effort is put on the traffic accident problem.

A newly-formed organization that has set out to do something about that is the Insurance Institute for Highway Safety.

It is the first united insurance industry attack on the traffic accident problem, backed by some 532 auto casualty insurance companies. These companies are members of three major insurance industry trade groups which formed the Institute—the Association of Casualty and Surety Companies, the National Association of Automotive Mutual Insurance Companies, and the National Association of Independent Insurers.

The National Association of Automotive Mutual Insurance Companies is an affiliate of the American Mutual Insurance Alliance.

A million-dollar annual Institute budget has been set up for a two-phase program: (1) Promoting action programs in cooperation with Federal, state and local agencies and officials, both public and private, and (2) providing financial or other assistance for agencies or organizations conducting or supporting effective programs for highway safety.

Officials of the new Institute emphasized that it would cooperate with existing safety organizations and governmental agencies. In addition, grants will be made in those areas in which the Institute feels expenditures are necessary to achieve greater highway safety.

Headquarters will be in Washington, D. C., headed by Guy E. Mann, senior vice president of Aetna Casualty and Surety Co., Hartford, Connecticut, as chairman of the board. Members of the board of governors are: J. Harry Bibby, executive vice president, United States Fidelity and Guaranty Co., Baltimore; James Crawford, vice president, Indemnity Insurance Company of North America, Philadelphia; Arthur S. Johnson, vice president, Engineering Department, American Mutual Liability Insurance Co., Waltham, Massachusetts; Howard Hutchinson, vice president, Nationwide Mutual Insurance Co., Columbus, Ohio; Dwight M. McCracken, vice president, Liberty Mutual Insurance Co., Boston; Thomas C. Morrill, vice president, State Farm Mutual Automobile Insurance Co., Bloomington, Illinois; Chase M. Smith, general counsel, Lumbermens Mutual Casualty Co., Chicago; and Albert E. Spottke, vice president, Allstate Insurance Co., Skokie.

Formation of the Institute comes at a time when the automobile is exacting its greatest toll in human suffering and economic wealth. The number of accidents involving property damage range from 8 million to 10 million a year; estimates of the economic loss resulting from those accidents range from $5.2 billion to $7.2 billion a year. Estimates of the number of people injured every year in automobile accidents range as high as 4½ million.

"An attack on this problem justifies the complete cooperation of every citizen, public official and private organization in the land," Chairman Mann said.

"Certainly it is extremely short-sighted to take comfort in the fact that fatalities are leveling off at around 38,000 a year. The number of accidents and injuries is still soaring at an alarming rate.

"We don't expect miracles from the Institute program, but we do believe we can achieve major results with an effective attack on this problem."

Universal public interest attaches to the new Institute program because of rising automobile insurance rates. Chairman Mann pointed out that many of the costs that go into insurance are linked with the rising cost of living and the general inflationary picture.

"We can't halt inflation, but we can cut down the accidents that bring inflationary factors into play. An accident that doesn't happen costs nothing." ⊙

Colorado's Sam N. Beery, now NAIC vice president, is the only state insurance commissioner holding office under Civil Service.

CLOSE-UPS OF OUR COMMISSIONERS

BEERY OF COLORADO

COLORADO HAS LONG BEEN endowed with plenty of natural insurance for sustained, profitable tourist trade. Pikes Peak, Rocky Mountain National Park and a wealth of other lures now draw double the 1950 swarm of sightseers. Visitors' annual investments in Colorado fun have shot up 140 per cent.

The state's overall economic advances have been just as dramatic, notably illustrated in the field of mutual fire and casualty insurance. After warming up in 1956 with an 11.7 per cent increase in premiums written, Colorado's mutual fire and casualty firms recorded a booming 95.9 per cent increase in 1957.

Colorado history likewise marks some epochal times in mutual insurance development. Mutual insurance was more than 50 years old when Pikes Peak was discovered in 1806; the wave of farm mutuals was sweeping the country when Colorado was admitted as a state in 1876.

Now, Colorado's income from the insurance business is climbing steadily, with the latest revenue report totaling almost $4 million, or $400,000 above the previous high year. Some 722 companies totaled more than $203 million in premiums, a two-year growth of $35 million.

At the regulatory helm, Colorado Commissioner Sam N. Beery has held many of the top posts in the industry. A past zone chairman of the National Association of Insurance Commissioners, and present head of its laws and legislation committee, Beery also was chairman of the executive committee until this January. Then he was elected vice president upon the advancement of Paul Hammel, of Nevada, to the top office.

A Wisconsin graduate, and an ex-naval officer with five battle stars, Commissioner Beery has been in insurance since 1933. His many roles have included special agent, district agent, general agent and agency vice president.

A past commander of the VFW, Beery's interests reach into many other civic and service activities, among them Masonic Lodge, Shrine, Centennial Craftsman, Mariners Club, American Legion and membership in Blue Goose International. ⊙

"Top of the World" Colorado has 54 peaks more than 14,000 feet high; Trail Ridge Road is highest continuous autoway.

OUR COVERS: *Front*, Adapted from a Jeffersonian-era rendering of The White House by an early French minister's wife; *back*, White House today, again history-joined with Jefferson and the U. S. Presidency in this historical month. *(Story Page 12)*